Altrad

The Paradox of Growth

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TO GROW OR NOT TO GROW?
MATCHING GROWTH WITH SUCCESS

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Matching Growth with Success

ACTES SUD

Walker, these are your traces
This path, and nothing more;
Walker, there is no path,
the path is made by walking.
Walking builds the way,
And looking back
you contemplate the trail
that you will tread no more.
Walker, there is no path,
only the waves on the sea.
Antonio Machado

SUMMARY

PREFACE

Management books are seldom useful and often boring. Those aimed at motivating the company's troops are generally falsely optimistic and fail to "unleash the energies" they have identified in each employee. The books intended for financial analysis are arid and full of figures. As for those that talk about organization, behind the absurd jargon and statistics designed to give them a serious air, there is sometimes a complete void. A company is first and foremost an organization, and theorizing is no easy matter when each situation is specific.

This book is by Mohed Altrad, entrepreneur, social and sports investor but also writer. As a writer, he is known for *Badawi*, *L'Hypothèse de Dieu* and *La Promesse d'Hannah*. Yet he began his writing career with books on management, including *Écouter, harmoniser, diriger, un certain art du management* (Listening, harmonizing and directing, a certain art of management) where he put into theory what he had begun to do in his company, and which would soon become a guiding principle for all his employees and for himself.

This was the first original idea: to write about what we are doing rather than what others are doing. The second was to move from a book on management to a novel. The third original idea, and the one that brings us together here, was to write a management book in the unprecedented form of a play!

When I first read the play, its five acts and opening remarks, I smiled as I rediscovered episodes from the Altrad Group's life with, among other things, this powerful idea that runs through the Group's history: growth is part of the life of a company. Without growth, there is no life. This is true in nature where there is competition among natural species, as in the case of trees, ascending as high as possible towards the light. It is a lesson from history, which is populated with struggles for growth, kingdoms, empires, civilizations. It is obviously true of states: China needs growth to strengthen its social pact and the implicit contract between the Chinese people and their leaders: "growth in exchange for stability". It is true for the Altrad Group, and even lies at the heart of its history and strategic positioning.

To achieve this, it is necessary to enlist the support of employees, in a context where the Group has tripled in size in three years, where the lines of business are no longer the same, where the core countries have changed, where new faces have emerged, with their history, their vision of the market and their work habits. This support must be built on a common, shared vision: the need for growth. But proclaiming it is not enough. It must be lived, every day, embodied by leadership and shared with all.

Hence the idea to stage, in the strict sense of the word, the growth of the company. And to achieve this, there is no need for a grandiose film or expensive events. A play will suffice, performed by professional actors but also by employees of the Group, in full compliance with the company's values and the way in which social relations are organized. The employees of the Altrad Group are at the very heart of the company; they have a great deal of freedom which also demands high standards. The play was written by the founder, in this book as in life. But the founder knows that the actors are the employees. As an internal mobilization tool, this play is also a metaphor for the way the Group operates. Therein lies its strength: a company is also a theatre, where some are in the limelight and others are in the wings, where the troupe would not function without the technicians, where the actors need logistics and organization, where you have to think constantly about the audience that is also the market, and thus the play can speak truthfully about the life of the company. The negotiations described here, the power relations, the importance of psychology, the role-playing between the characters, everything could be true.

What is the message behind this singular choice? Probably that theatre is life. But also, in the mind of Mohed Altrad, life is a theatre. It is up to the reader to meditate on this lesson of life … and management!

Hakim El Karoui, essayist

INTRODUCTION

The Altrad Group provides its customers all around the world with a full range of solutions and services in the areas of scaffolding, props and shoring, cement mixers, wheelbarrows and community equipment.

The Group's policy of internal and external conquest, combined with a continuous search for synergies and rationalization, enabled it to become first a French leader and then a world leader.

The Group aims to be at the global leader in all its businesses by maintaining (or improving) high returns on invested capital, providing the best products and services on the market, and increasing the recurrence of its income and profits, all in a context of sustainable development.

The Group's history cannot, however, be solely limited to the acquisitions of new subsidiaries and increases in turnover. Growing initially from 200 to 7,000, and today counting close to 22,000 employees has required great adaptability, fuelled by a capacity for self-questioning and the ability to overcome the structural hurdles that often block company growth.

The spirit of conquest that has driven the Group from the outset aims, as wisdom suggests, at building a unique company in both senses of the term—following a single path, but also unique in the sense of being specific and differentiated—to share greater benefits in the service of development (technical, human, financial, etc.) and/or the survival of the Group in times of crisis.

To this end, and for the past thirty years, the Altrad Group has never stopped growing. With the acquisition of Hertel in 2015 and that of Prezioso in 2016 it made a qualitative and quantitative leap that was both striking and widely recognized. Indeed with the acquisition of these two international groups, the Altrad Group dynamics of consolidation in the services to industry sector took on a decidedly exponential turn.

How do we account for the Group's past success? And perhaps more importantly, how do we enable the Group to pursue this virtuous dynamic when so many companies have failed, due to poor management of the processes of external and internal growth? The Altrad Group's challenge is this: while the strategy has always been that of external and internal growth to take advantage of international acquisition opportunities, the development of the Group, as illustrated by its recent major acquisitions, has never proceeded on such a scale and within such a short period of time.

This unprecedented level of growth represents a major challenge. Henceforth, how will the Altrad Group still manage to integrate newcomers while respecting their cultures? How do we ensure that an acquisition is converted into a successful growth experience, where the anticipated synergies are effectively implemented, where the profitability of the new entity takes advantage of the contributions of the acquired companies, and where the employees succeed in joining the newly constituted Group and mobilize their energies?

In other words, how can we continue to generate growth—a prerequisite for the survival of the Group—while limiting the adverse effects of rapid and significant growth on the Group's fundamentals?

How to square the circle otherwise expressed in terms of the "**paradox of growth**"?

It has been suggested that the difficulty of maintaining sustainable growth is primarily caused by factors within the company (inability to initiate the necessary strategic evolution, slowing capacity for innovation, excessive diversification, etc.), which are the direct consequences of growth. Increased complexity within firms is seen as inherent to growth, leading to mechanically increasing numbers, destructuring, diversification, the dilution of common objectives, and processes that are homeostatic (that is, maintained at a constant level by internal mechanisms) and bureaucratic. The combination of these elements can lead to inertia in the company and a loss of agility and responsiveness, which sooner or later threatens the company's survival.

This highlights the famous growth paradox, namely that growth carries with it the obstacles to sustainable growth, in that it leads to:
- diluting the meaning of collective action
- increased organizational complexity
- dispersal of efforts and resources.

A series of measures are thus recommended to help companies regain their agility:
- regularly revitalize the joint project to maintain collective mobilization
- adopt simplification routines to improve the functioning of the organization
- establish discipline to avoid strategic dispersion.

Aware of the urgent need for agility, the Altrad Group has effectively set up and evolved its organization over time in accordance with its size, with the structural hurdles to overcome, and the complexity of its environment. The Group is well aware that the more it grows, the more agile it must be to avoid losing contact with its markets.

In concrete terms, the Group has chosen to focus on the following agile operating methods:
- a small holding company
- respect for the diversity of subsidiaries that are in contact with their markets, without any normative constraints from the Group
- the principles of decentralization and subsidiarity, linked to respect for entrepreneurship and favouring a strong position of the subsidiary in (contact with) its environment
- an evolving organization, served by an agile and constantly reconfigurable matrix structure.

How useful, or even necessary, is it for a company to grow, and if is, at what stage in its development? What is the meaning of growth? Is growth a prerequisite for business survival? And more generally, is growth finite or infinite?

Is it true that growth is a source of complexity? How can we explain that the more a company grows, the more fragile it becomes? Are there qualitative and quantitative thresholds beyond which growth is no longer virtuous?

We propose exploring these multiple issues. We will start by questioning the term "growth" and the challenges linked to the development of the company (chapter 1). Secondly, we will examine the paradox of growth through the study of one of its effects (real or supposed), namely the increase of internal complexity, a phenomenon that is considered to be inevitable and could threaten the survival of the organization, the very survival that growth seeks to guarantee (chapter 2). Finally, we will look at solutions that can transcend the paradox of growth and in particular those that present themselves to the Altrad Group (chapter 3).

TO GROW OR NOT TO GROW?
MATCHING GROWTH WITH SUCCESS

THE CHALLENGES OF GROWTH

Growth is about increasing in size, extending. It is defined as a development, a push, an increase, an enlargement, an expansion or progression. It may be equivalent to progress or a boom.

When we speak of living organisms, to grow means to develop gradually and naturally until reaching the stage of maturity.

Indeed, even before entering the vocabulary of economics and business, the notion of growth was inspired by observing nature, and in particular the size of living beings. Its use then broadened to the activities of these living beings, but also, metaphorically, to more abstract notions (the growth of feelings or ideas, for example).

Sometimes confused with the more general term of increase, growth can be defined as "the progressive increase of a biological unit (or linked to biological phenomena), continuing without loss of individuality or interruption of functional activity".

The definition is broad enough to encompass not just biological phenomena, but can also describe the positive evolution of a population, city, company or economy. Human activities and the fruit of human labour, which in many respects approximate biological growth with their complex interplay of correlations, also obey comparable laws and evolutionary principles.

Although closely linked, growth is distinct from multiplication, a phenomenon whereby, in addition to the initial unit serving as the model, another unit is formed by assembling its elements. This unit abruptly individualizes and becomes functional only after it is fully completed, as can be seen in the case of viruses.

In the living world there are two types of growth: definite or finite growth, which is that of the animal world, and indefinite growth, which is that of many plants. The growth of animals (and thus of humans) ceases after reaching a certain size, which is genetically determined and characteristic of the species.

As a fundamental property of all living beings, growth, understood as the development of an organism, is a somewhat quantitative phenomenon, while development involves qualitative changes. Indeed during a typical life cycle, a living organism passes through several successive stages, beginning (for the sake of simplicity) with the fertilization of the egg cell and ending with the organism's death. The transition from one stage to the next shows changes of both a quantitative nature (increase in size and mass) and a qualitative nature (formation of new organs).

These characteristics are not without importance when referring to the growth of a company. Is the change strictly quantitative or is it a development with qualitative implications? Does the growth of a company correspond to the laws of the animal world, which would presuppose the existence of an optimal size, or can it be considered as indefinite and not standardized? Is growth an intrinsic component, indispensable to the life of any company, throughout its trajectory?

At what point is the growth of a business likely to lead to a loss of individuality or identity and a possible disruption of functional activity, thus threatening the very survival of the company on whose behalf it was engaged?

Traditionally the growth of a company is measured by the increase in its turnover and/or market share (existing or new markets), which may result from external growth (M&A growth, based on buying out competitors or on a reconciliation policy) or internal growth (organic growth, due to the evolution of the company's own activity).

The Altrad Group bases its development on external and internal growth. Its acquisitions are of two kinds:

- horizontal: the nature of the businesses acquired and the Altrad Group are similar; these are consolidation operations aimed at gaining market share
- vertical: service companies represent opportunities for the Group's industrial companies.

While any acquisition is a lever for value creation, the danger, as experienced by many companies engaged in growth operations, is to lose more than they gain after implementing their growth strategy. Making a large acquisition or a multitude of acquisitions successfully is always a challenge.

Indeed, many studies show that most rapprochements fail, mainly because of the difficulty of converting expected opportunities for synergies into effective synergies and integrating the acquiring company and the target company into a new "homogeneous" whole.

So how can we not fear growth and its possible adverse effects? Among other things, the key steps in the integration process (motivation, expected results, anticipated effects) need to be well planned upstream. The processes of steering, creating synergies, leveraging differences—whether cultural, strategic or organizational—need to be well mastered so that the newly created organization is more efficient and profitable than both former ones.

The difficulty lies in the need to combine a macro-functionalist approach with a micro-vision, because integration is both the fusion of two systems and that of the individuals who must work to achieve it by mounting the least possible resistance.

At this point the quality of management proves decisive, as it is about vision, culture, change management, mobilization and adhesion.

What has been and still remains the basis for the success and sustainable development of the Altrad Group? The answer lies in its values, its philosophy, and the men and women who uphold and embody these on a daily basis. Specifically, a few key principles account for the success of the Group's growth:

- the customer at the heart of concerns
- the strength of an integrated Group
- partnership governance
- an agile functional and matrix organization

- co-responsibility management
- a humanist vocation (human beings are the foundation: a company by and for people).

THE STAGES OF GROWTH

Each SME executive, each member of a large company's management, each entrepreneur places at the heart of his or her concerns the organization's growth. Growth is a vital, essential element for companies.

Traditionally, as is the case in the living world, from which economics has borrowed the terminology, the life cycle of firms is divided into four stages or phases, corresponding to distinct levels of maturity, presented here from the weakest to the strongest:

Creation

- Introduction to the market of a new company and/or gradual diffusion of a new product
- Appearance of new skills, in particular the consequences of innovation
- Period of low growth
- Significant investment policy

Growth

- Expansion of activity
- Rapid acceptance of the product by the market
- Substantial increase in profits
- Increasing need for fixed assets and circulating assets, new investments and therefore financing

Maturity

- Three phases
  - Increasing maturity
  - Stable maturity
  - Declining maturity
- Market saturation: slower sales growth
- Inelasticity of demand: strong stabilization of the factors of evolution of the competitive game
- Production overcapacity: earnings at its maximum level, then decline in earnings due to expenses incurred to support sales in the face of competition from new products
- Appearance of substitution: growing threat from dominant firms
- Technology maturity
- Consumer sophistication: the need to acquire market shares or to find a new strategic segment by a strategy of differentiation and to establish a more comfortable position

Decline

- Progressive change in the structure of competition
- Stagnation or even decrease in sales
- Erosion of revenue

This life cycle—somewhat schematically—reflects the probable changes over time in the company's turnover and profitability, and with them, its potential for growth.

	Creation	Growth	Maturity	Decline
Growth rate	Medium	Strong	Weak and stable	Zero or negative
Growth potential	High	High	Zero	Negative
Number of competitors	Low to high	High	Low	Low
Competitive structure and stability of positions	Distributed and volatile	Crystallization of positions	Stability of leaders	Oligopoly
Technology	In its infancy	Evolutive	Fixed	Fixed
Access to the trade	Easy	Possible	Very difficult	Of no interest
Typical strategies	Innovate or copy	Invest in market share	Make profitable	Milk

It is generally accepted that all companies need to increase their profitability to ensure not only their sustainability but also their success.

While growth (usually of an internal nature) goes without saying when creating the company and in the growing phase, it can continue beyond that, during the maturity phase, particularly if the company is seeking to win the leading position of a sector.

Such ambition most often involves implementing an external growth strategy. This creates complexity within the new Group thus formed, which, similar to the living world, has been modified quantitatively (increases in size and mass) but also qualitatively (formation and integration of new organs).

Any transformation is a challenge for the company, testing its ability to adapt to its new internal and external contexts.

THE PITFALLS OF GROWTH

The development of the Altrad Group was not linear and there have been hurdles along the way. Indeed, the Group has developed in environments that were not always favourable to growth.

However the two main periods of crisis experienced have allowed the Group to develop a capacity for resilience, consolidating its DNA through the collective learning necessary for survival and sustainable development.

Only 11% of companies are able to grow their turnover by 5.5% or more over a period of ten years and to regain the cost of their capital.

Let us ask the following questions:

- What obstacles and challenges do companies face in pursuing sustainable and beneficial growth? How does this evolve throughout their life cycles?
- What differentiates companies that can successfully anticipate and manage these challenges from those who do not?
- Is the internal organization of companies that succeed in growing and surviving any different, and does this explain why they respond better to challenges and adapt more quickly to opportunities? Is the origin of these differences to be sought in their foundation and fundamental characteristics?
- Why do companies have such distinct maturity cycles? While some remain flexible, innovative, retain an open mind and succeed in retaining young talent, others see their growth slow down or even stop, their functioning becomes bureaucratic and they fail to attract new talent.
- How can leaders predict growth crises and adapt their companies?

The following elements emerge: 85% of heads of companies with a high turnover (similar to that of the Altrad Group) when questioned, attribute internal rather than external obstacles to the causes of slowdown or lack of growth.

What are the main internal or external obstacles to growth?
(results expressed as a percentage of respondents)

Insufficient resources

Any growth operation is resource intensive, whether financial, technical or human. The means set aside are not always correctly evaluated a priori, or the needs amplified at the end of the reconciliation operation, for example under the effect of new external factors. Time can also be seen as a resource: time-consuming integration processes can sometimes conflict with return on investment requirements geared to a different rhythm. To this should be added the difficulty of mobilizing the existing resources that do not always welcome the growth operation and the departure of key people whom the company has not succeeded in retaining.

The attention focused by the Altrad Group on the integration process is a way of limiting the effects of a relative drying up of resources.

Inability to concentrate

This is the dispersion effect that can accompany a growth operation, particularly when it is of an external nature. New activities, new markets, new sectors, new customers, etc. can be resource-intensive. In the absence of proven synergies, the lack of the expected economies of scale may result in the multiplication of cost centres and some dilution of strategy.

Culture

Risk aversion, resistance that accompanies any change, difficulties of integration and/or coexistence of different cultures are all potential obstacles to growth. From this point of view, the Altrad Group's preference for respecting the culture of new entrants and capitalizing on the richness of such diversity is a satisfactory and effective response to the difficulties of integration. Nevertheless, integration cannot simply be declared (the injunction "integrate", like many injunctions, tends to be ineffective): it presupposes that the common project is clearly set out, that it is adhered to and that the bearers of this message are recognized and appreciated.

Organizational complexity

Growth generates complexity, in that the scope of the system and its content changes: the number of internal elements, whether human, material, geographical, legal, financial or conceptual is mechanically increased (quantitative aspect), as is the number of relations between these different elements. Their nature (qualitative aspect) can also be altered. This results in increased complexity, hence greater unpredictability and uncertainty. In addition, reporting needs change; organizational modalities need to be adapted to a different organization in terms of size and nature, resulting in a complication of the system as a whole, with intermediate "layers" added to existing levels. By maintaining a relatively simple and flexible organizational structure (matrix structure, limited holding structure, progress unit and so on), the Altrad Group allows faster integration of acquired companies and avoids the multiplication of organizational systems that can lead to complexity.

Weak economic plans

Seizing a growth opportunity is not always preceded by thorough reflection upstream. The arrival of a new company in a Group may somewhat distort the vocation of the acquiring Group, whose business model or economic model is thus weakened, obscured or blurred.

Lack of skills

M&A involves the availability of skills that may not exist in the acquiring firm or the target firm. In addition, growth operations can translate into new needs, a certain acceleration that requires talent that is not always present or present in sufficient numbers within the new entity. Training men and women in new occupations and skills takes time, which may hinder the success of the growth operation temporarily or in the longer term.

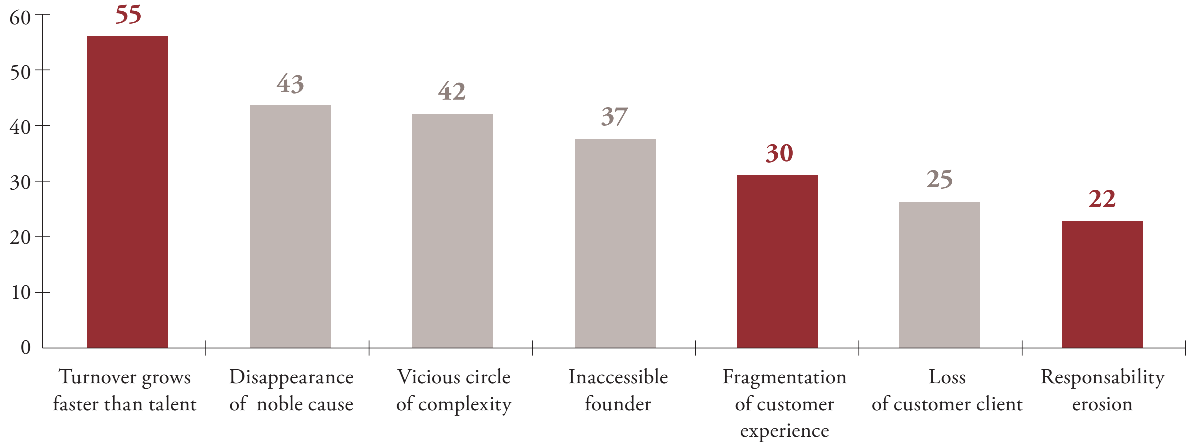
Lack of opportunities

This is a specifically external obstacle: the non-existence of targets of interest, unfavourable timing, unrealized financing are all additional causes that are obstacles to the growth of a company.

- Among the internal obstacles, the first to be cited are:
  – Turnover that grows faster than internal talent
  – Greater distance between the company and its customers
  – Growing complexity of decision-making
  – An inability to choose or maintain a focus of concentration (core business) and a direction
  – Difficulty mobilizing resources.

What are the main obstacles to organic growth?

(results expressed as a percentage of companies questioned)



Turnover grows faster than talent

As indicated above (lack of skills), a growth operation generates new needs in terms of skills and talents. Accompanying growth implies that the expertise is available in the right place at the right time and in sufficient quantity. The increase in turnover can lead to a mechanical increase in human resource requirements. The timescales are not necessarily in phase: it is sometimes faster to increase the turnover than to recruit and/or train the right collaborators. This differential can be particularly critical over time and may jeopardize the success of the growth operation.

Disappearance of a noble cause

The vocation, which is both the raison d'être of the organization and a factor of commitment, can be altered by the growth operation: loss of legibility of the vision of the newly created Group or acquisition by a company whose mission, organizational practices and values are perceived as contradictory to the culture of origin are all elements that can negatively affect the adherence of a (significant) number of players (managers, employees, suppliers and customers). By keeping the focus on what is essential, by renewing the membership pact of its employees, in particular by sharing and implementing its values, the Altrad Group strives to uphold the original cause.

Vicious circle of complexity

See above.

Inacessible founder

The more a Group grows, the greater the risk that its leaders lose close proximity to the grassroots, even in regard to operational or field issues. Maintaining even reduced contact is essential in order to avoid the "ivory tower syndrome" in which a manager and the managerial team may find themselves isolated and disconnected from the organization's reality.

Fragmentation of customer experience and loss of customer contact

Complexity may be accompanied by a certain fragmentation of the customer experience: dispersion, ignorance of new markets or segments, less efficient processes, breaks in the information chain … all of which can lead to a distancing from customers.

This loss is particularly damaging in that it affects the quality and relevance of decisions. Employees in direct contact with customers are the "heroes" of the organization. The voice of the customers is central. By placing the customer at the heart of its organization, the Altrad Group reaffirms this fundamental precept: no company can live without its customers.

- These challenges increase with the size of the company and its level of complexity. The growth paradox is thus: "Growth creates complexity, and complexity silently kills profitable growth."
- 80% of the decline in market value of companies occurs during three types of crisis:
  - Overload: The company experiences rapid and significant growth
  - Stall-out: Company growth loses momentum
  - Free fall: The company's business model is outdated and declines rapidly.

With acquisition of the groups Hertel and Prezioso, the Altrad Group has, in the last 24 months, experienced rapid and significant growth, which carries the potential risks of overload or stall-out.

	Altrad Group as of 31/08/2014	Altrad Group as of 31/08/2015 Post acquisition of Hertel Group	Altrad Group as of 31/08/2016 Post acquisition of Prezioso Group
Turnover	861 M€	1 866 M€	2 312 M€
EBITDA	133 M€	229 M€	323 M€
Net profit	49 M€	89 M€	146 M€
Net financial debt	181 M€	264 M€	576 M€

The Altrad Group is facing increasing complexity (new markets, new jobs, new employees, new local and entrepreneurial cultures, new management methods, etc.) that could hamper its progress.

COMPLEXIFICATION: THE PARADOX OF GROWTH

Organizations evolve in environments now referred to as VUCA: volatile, uncertain, complex and ambiguous. These environments are fraught with tensions, subjecting companies to many dilemmas, difficult choices and conflicting demands, which, when pursued jointly, lead to what can only be called paradoxes. By rethinking these tensions beyond the search for a simple or even simplistic solution it is possible to grasp a problematic in all its subtlety, rather than yield to the simplistic temptation of a single, unequivocal and somewhat rigid response.

COMPLEXITY: DEFINITION AND WAYS OF UNDERSTANDING THE COMPLEX

What is complex? "Complexity is a fabric (complexus: that which is woven together) of heterogeneous components that are inseparably associated: it raises the paradox of the one and the multiple." The complex contains a multitude of interlocking, interacting entities, organized recursively, whose behaviour is unpredictable.

Thinking in terms of complexity is an invitation to question our thinking patterns and adopt a new logic, proceeding from a "permanent" dialogue between our reasoning and the empirical world. The challenge is to successfully apprehend the dialogics of unity and diversity, continuity and rupture, order and disorder. It is also about integrating the uncertain, the ambiguous, the contradictory and paradoxical.

Systemic modelling (a method of study, thinking in terms of complex objects) is one way of apprehending complexity. By definition, the system is the basic concept of the systemic. It is "a complex set of elements (persons or equipment) or organized subsystems that are located in a specific environment, which act and react by transforming flows—of information, material and energy—by self-regulating through successive adjustments to ensure development or survival."

The basic questions in the analytical approach are "What is this made of?" and "Why?". This is primarily intended to break the system down into its various component parts and to identify the causes, according to linear causal logic (a cause produces an effect).

This approach is no longer sufficient and appropriate when the situation or the concept is neither simple nor complicated, but complex.

The central concept here is action, which, in the context of the company, can be broken down into three questions:
- What is the company doing to maintain and to maintain itself?
- What is the company doing to connect and to connect itself?
- What is the company doing to produce and to perform?

In this, the company is understood in its dynamic dimension (internal and external) and not only its static dimension (structure, framework). Why is it important for an organization to be aware of the paradoxes and identify ways to manage them? Research shows that companies, leaders, teams and individuals who manage to cope with the paradoxical dimension of reality are more efficient.

The use made here of the word paradox, also known as polarity or duality, can be used to describe the tensions that individuals face in any situation where conflicting demands, solutions or requirements are present.

The dual or even duelling dimension of paradox refers to the notion of yin and yang in Chinese tradition, where opposing elements that are partially conflictual and partially complementary coexist.

The complex should not be confused with the complicated ("folded together"). The complicated consists of many distinct elements that are organized linearly. It can be approached with understanding and knowledge, expertise, methodology and perseverance.

THE COMPLEXIFICATION OF GROWING COMPANIES

Complexity is evoked as the result of growth and as the main threat to its success.

This increased complexity results in particular from:
- extending the portfolio of activities and products
- diversifying the markets covered by the business
- recruiting new employees or new skills to accompany the change in scale
- the structuring of the organization itself.

This can shift toward situations that handicap the company's responsiveness to external disturbances:
- a dilution of common purpose and collective action
- relative remoteness from the headquarters and the terrain
- increased organizational complexity, which is manifested in particular by a piling up of procedures and processes leading to more red tape and inertia
- the mechanical dispersion of efforts and resources.

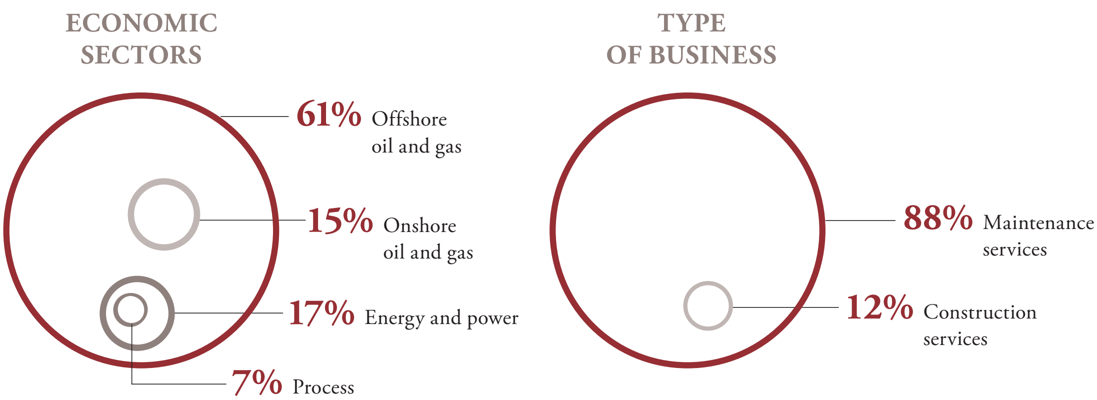
These effects are summarized in the following diagram:

As pointed out by an American economist, *most successful companies have to face a foreseeable crisis referred to as a failure—a sudden significant drop in their sales and earnings growth or a collapse of their dividends below the cost of capital. Such failures occur when the growth engine of a company no longer works. They are rarely due to the sudden obsolescence of a business model, which is a common misinterpretation. Our research shows instead that the company has almost always become too complex, resulting in more bureaucracy, which slows the metabolism of the organization, or leads to more internal failures that distort information and hinder the ability of managers to make quick decisions and promptly implement the consequent actions. When we talk to leaders about the symptoms of these failures, their words are different, but the causes are the same.*

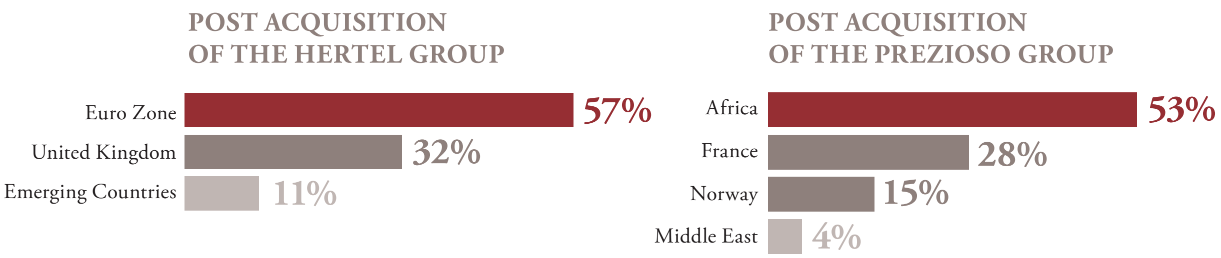
We've lost contact with our customers. We get bogged down in procedures, processes and PowerPoint presentations. It is not the opportunities that are lacking, it's our ability to act decisively. What was once an invigorating flight now looks like an attempt to fly a plane without fuel and without controls. […] *When the failure occurs, it is almost always linked to creeping complexity.*

Recent developments in the Altrad Group demonstrate the significant impact of the acquisitions made in 2015 (Hertel) and 2016 (Prezioso).

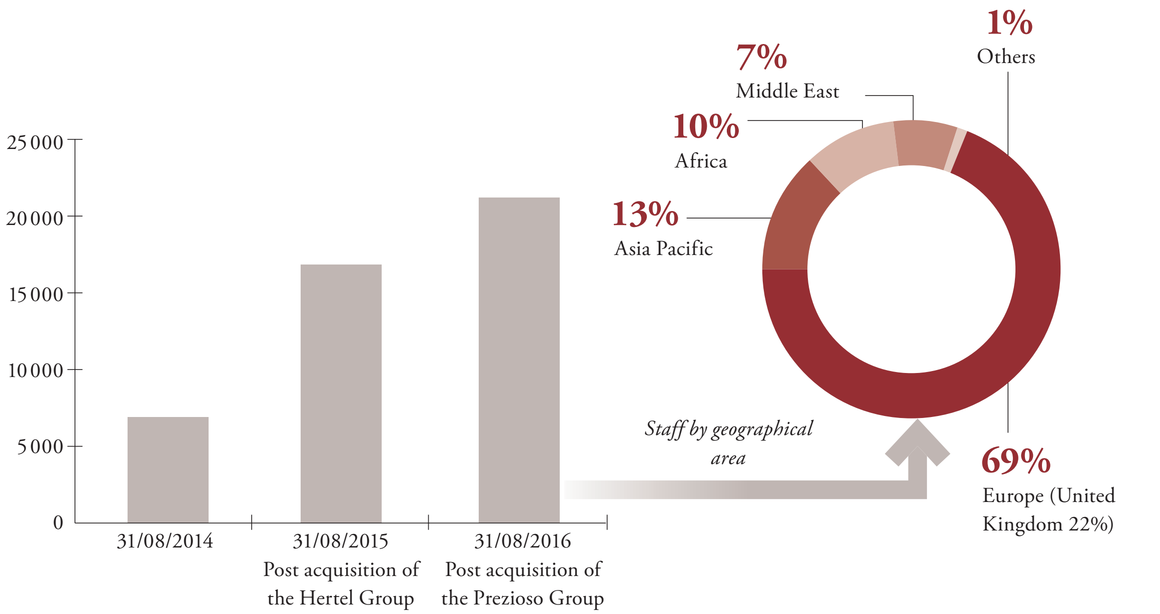
Portfolio of activities and products
Post acquisition of the Prezioso Group



Markets covered
Activity by country



Altrad Group staff evolution over the last three years



With the acquisition of Hertel in 2015, the Altrad Group has become a world leader in SIPM industrial maintenance (Scaffolding, Insulation, Painting, Mechanical), with particularly strong positions in the scaffolding and insulation services in the process industries, energy, and onshore oil and gas.

The acquisition of Prezioso marked another significant step. The Group has thereby increased its leadership, enhanced its industrial presence, adding a leading position in the off- and onshore oil industry and extending its coverage, particularly in Africa and Scandinavia.

In such a context of major development, how can the collective sense be maintained? How to foster the agility of the organization to avoid fossilization due to increased bureaucracy and inertia? How to best allocate resources and energy and avoid their dispersion, synonymous with diluting their effectiveness with the Group's strong growth?

MATCHING GROWTH WITH SUCCESS

Failure, though hard to foresee, can be overcome. We suggest [...] *that most companies experiencing sustained growth have a number of attitudes and behaviors in common:*
- *They see themselves as insurgents, fighting on behalf of underserved customers*
- *They maintain an obsession with the front line, the place where the company is in direct contact with its customers*
- *They foster a state of mind that includes a deep sense of responsibility as to the use of resources and long-term results. These qualities particularly thrive in such companies.*

ENCOURAGING SIMPLICITY AND COLLABORATION

The first way to manage complexity is to limit it by adopting a growth strategy that incorporates this first objective from the outset.

Not all growth is equal.

There is a distinction between:
- "Bad growth", for example, engaged in by companies after identifying opportunities for significant growth with minimal risk, in a sector broadly recognized as promising. The main risk is to find oneself in a market coveted by many other actors in which the company may have difficulty distinguishing itself from its competitors and asserting its own strengths. Pursuing the same market opportunities as one's competitors may prove to be disastrous.
- "Good growth", favoured by companies that understand how this creates value for their customers. It is no longer about running after "fashionable" growth opportunities, but conducting an in-depth assessment of the strengths of the company and making this the basis of its growth engine.

To develop "good growth" a few preliminary questions need to be asked:
- What is the unique qualification of my company?
- How can I match my competitive advantages with market opportunities?

This way of thinking can lead to what is called a "capabilities-driven strategy approach", a version of agility focusing on the skills, talents and expertise unique to the company.

It is thus a question of considering growth as centred on or in connection with the core business and talents of the company and avoiding the effects of dispersion, itself a source of complexity.

However, the development of any organization is automatically accompanied by quantitative and qualitative leaps that lead to complexity: "What allows the company to grow is also what gradually weakens it."

To counter the adverse effects of increased complexity, it is advisable to adopt simplification routines to clean up the operation of the organization, specifically by:

- systematically removing anything that hinders Group efficiency
- fighting against the dangers of fragmentation

It is also advised to introduce discipline to avoid strategic dispersion by:

- adopting simplification routines for the product portfolio
- drastically filtering investment projects
- forcing oneself to stay close to the market.

Within the Altrad Group, proximity to the market has meant adopting the path of quality. Indeed, this has been at the heart of the Group's concerns from the very beginning.

In his book *Stratège de groupe* (Group strategy, 1989), Mohed Altrad devoted an entire chapter, "Quality for success", to his conception of quality, true to contemporary theorists who saw it as a key factor of competitiveness. Like the founders of *Total Quality Management* (TQM), W. Edwards Deming and Joseph Juran, as well as Japanese quality circle inventor, Kaoru Ishikawa, he was already looking at how to reconcile the three factors of company productivity: good organization, work motivation amongst staff and product quality.

This total quality objective implies keeping a tight balance on all the Group's activities, to constantly offer products and services tailored to changing customer expectations—that is to say buyer-sellers, end consumers and prescribers.

While the product portfolio has not really been simplified with the Group's two recent acquisitions , there is nevertheless a sense of strong complementarity of services between the various entities, a complementarity that is likely to enhance integration and maximize synergies.

Specifically, Altrad-Hertel is an integrated Group for access solutions, also offering insulation services, mechanical work and to a lesser extent anti-corrosion paint.

Prezioso, for its part, is a Group with a wide range of services, mainly around corrosion solutions, scaffolding, rope access, insulation, inspection and testing.

Today the Group's management is confident that this merger will be able to generate significant synergies. Specifically:

- the Altrad Group can provide Prezioso with products and services, and benefit from Group prices
- geographical and business complementarities will create opportunities for business development (cross-selling)

- support functions can be rationalized
- operations in the Middle East and France in services to industry can be combined
- the management teams, from diverse backgrounds, can exploit their complementarity.

Finally, the unique matrix structure of the Group, including the coordination work of its Progress Units, provides an adequate response to any disruption to the organization of the Group resulting from the merger with Hertel and Prezioso.

Thus, ever since its creation, the Altrad Group has worked to continually advance its organization and decision-making, in the service of the customer. The original mode of management is thus:

- a matrix organization
- autonomous, with greater freedom of action offered to subsidiaries in a coordinated framework
- a head office in charge of strategic decisions, financial control, diverse services and the setting up of cross-disciplinary projects.

The Group's structure can be summarized as follows:

- The holding corresponds to the cross-disciplinary functions (Accounting-Consolidation, Purchasing, Finances, Human Resources, etc.)
- The subsidiary directors represent the divisions of markets and products
- The Group managers correspond to the products and projects developed within the Progress Units.

It has many advantages:

- mastering work processes through better synergy and interactivity between subsidiaries
- optimized productivity, harmonized and improved practices by applying the principle of subsidiarity, a form of internal versatility
- lighter, more effective communication
- a human scale promoting better relations
- the capitalization of the Group's experience.

Responsibilities are decentralized, which increases responsiveness, stimulates creativity and inventiveness. Decision-making is faster and information flows more easily. In a changing and unstable economic environment, transverse management brings versatility to the organization, allows flexibility and constant adaptation and promotes collective intelligence and innovation.

As emphasized earlier *to begin to cope with growth failure, companies must divest themselves of complexity and unnecessary costs to free up resources to focus on their core business, and exploit the force that spurred their growth at the outset* […].

Successfully tackling complexity is a top-down, sequential process:

- *first of all the company needs to get rid of any nonessential assets and activities*
- *next it must work out a simplified strategy for the remaining activities*
- *then it must tackle complexity in the central processes*
- *finally, it can focus on reducing complexity, on adaptations and product customization*

We have seen management teams try to transform the organization in reverse, which only leads to getting caught up in details and wearing down the organization before reaching what makes a true success of transformation, i.e. reducing the high level of complexity and cost.

Increased complexity is observed not only worldwide but also at business level and we advocate simplification, whose purpose is to encourage and facilitate collaboration. As a source of opportunities as well as increased difficulties, complexity is problematic primarily because of the way in which companies try to respond to it.

To reconcile conflicting objectives, managers redesign the organizational structure, performance measures and incentives, in order to align employee behaviour with changing external challenges. Layers are added, more procedures are imposed. So, to soften the implementation of these 'hard' changes, companies implement a series of 'softening' initiatives to install a positive emotional climate and create a working environment where personal relationships and collaboration can flourish.

So a simplification strategy is recommended to circumvent or thwart the pitfalls of complication and complexity—which arise whenever we multiply unnecessary hierarchies, procedures, reporting (time-consuming and resource-intensive, thus diverting from the main objective). But what is not promoted, or insufficiently promoted, is a culture of accountability—mainly to strengthen cooperation.

- Rule no. 1: Improve each person's understanding of what others are doing
- Rule no. 2: Empower those who play the role of integrators and coordinators
- Rule no. 3: Extend the amount of power available (*empowerment*)
- Rule no. 4: Increase the need for reciprocity in order to strengthen cooperation
- Rule no. 5: Ensure that the employees sense the "shadow of the future", i.e. raise their awareness of the impact of decisions
- Rule no. 6: Discourage lack of cooperation by "rewarding" and giving value to the behaviour of those who help and seek help, and by "penalizing" the behaviour of those who don't seek help and don't help others.

And remember that true cooperation doesn't (only) rely on a good understanding between the different actors. It rather implies taking into account the constraints and objectives of others.

DEVELOP THE AGILITY OF THE ORGANIZATION

The health of the company determines its performance. Organizational health results from the company's ability to continuously improve. To permanently maintain a high level of performance, companies must develop their ability to learn and adapt constantly. This dual expertise is what characterizes the so-called self-learning and agile enterprises. Indeed, to ensure its sustainability, a living organization must guarantee its constant adaptation and take account of the disorganization of its components and the external environment on which it depends, by definition, as an open system. It must be autonomous, that is to say particularly agile.

The Altrad Group reflects on, designs and implements agility at individual, relational (or managerial) and organizational (or Group) level.

Management level		
Individual	**Relational**	**Organizational**
Welcome the person in their entirety and capitalize on their hypercomplexity	Assemble a strong team	Think up, create and adopt new organizational designs
Manage according to different personalities: the right person in the right place and managed in the right way	Develop collective intelligence	Look for and express meaning (vision)
Understand individual decision and action mechanisms	Motivate and mobilize: create the conditions for engagement and personal and collective involvement	Inform, communicate and share knowledge
Identify individual sources of motivation	Manage relationship stress	Steer the organization: from programme to strategy
Place what is *essential* (relating to the spirit, to psychology and a personal sense of values) at the heart of what is *important* (social and professional life)	Manage multicultural teams: enrich through diversity	Welcome, encourage and accompany change
	Dare to trust: decentralize and empower	Manage innovation

Similarly, we insist on the need to maintain and develop agility to preserve responsiveness and proactivity in a changing and uncertain environment.

For the organization to remain agile, the common project needs to be regularly revived to maintain collective mobilization by:

- regularly stating the fundamentals
  - why does the business exist?
  - what value does it create?
- anchoring the fundamentals in daily life
  - internalized in the behaviour and reasoning of each
- promoting collective discussion around the fundamentals.

The Altrad Group strategy is based on the following four pillars:

All employees of the Group are aware not only of the strategy but also of the core values on which it is based.

As stated above, "the Altrad Group implements a strategy to become a world leader in its businesses while maintaining high returns on capital and providing the best products and services on the market. Its objective is to grow its revenue by improving current profitability levels and increasing recurring Group revenue and profits."

The Group's fundamentals, its vision, mission and culture are subject to multiple communications and exchanges, particularly during highlights throughout the year, such as the Group's annual seminar bringing together all the executives, Group committees, the sales seminar and budget sessions.

Moreover, the Group aims to express its values as management principles to create alignment, accuracy and consistency at each logical level of the vision, as well as the vocation of action plans (see Appendix A).

The flexibility, responsiveness and versatility that the Group strives to create and maintain help to increase customer satisfaction and reduce costs through, among other things:

- synergies
- economies of scale
- pooling means and competencies.

This also reduces inconsistencies and strengthens team spirit, particularly through shared responsibility and a heightened sense of initiative.

Thus all the business functions combine and complement each other to achieve a common goal, in the interest of all.

As internal and external factors evolve, the Altrad Group seeks to sustain this organization by preventing inflexibility and promoting a dynamic, forward moving organization with the changing roles of progress units and functional departments.

Techniques are used to ensure the agile allocation of resources in the groups that perform well: emphasis is placed on the importance of the rational, intelligent and agile allocation of fundamental resources.

How to avoid getting bogged down in status quo and stagnation?

This requires:

- Mapping the company's resources
- Developing an accurate map, beyond the main divisions of the company, to identify where resources are effectively deployed today
- Establishing a benchmark of resource inertia
- Refocusing budget meetings, so that they become resource allocation sessions, and then conducting these sessions accordingly
- Developing counter-pinning, i.e. not pinning future decisions about resource allocation on the decisions of the previous years
- Changing the pace of defining strategy
- Introducing flexibility in all processes
- Learning to "let go", "let it drop" or in other words not persisting in action that is fruitless

- Keeping in mind the notion of time; the results may not be immediate and patience is (also) a virtue.
- Learning from past experiences.

In many ways, as previously stated, the Altrad Group is implementing such solutions.

If we still need reminding, growth is key to value creation. Analysts and consultants compete to produce ideas promoting sustainable growth. The life cycles of nearly 3,000 IT companies in the world were analysed between 1980 and 2012. Three conclusions emerged from this analysis:

Growth beats all

It proves key in that:
- it leads to higher revenue
- it predicts success in the long term
- it is more discriminating than margin or cost structure

Maintaining sustainable growth is very difficult

- The likelihood of a company becoming large is relatively small
- Success is ephemeral

There is a recipe for sustainable growth

Three principles govern such growth:

- Growth occurs in phases

Phase 1: Five key elements
  - Market
  - Monetization model
  - Rapid adoption
  - Being smart
  - Stimulation

Phase 2: The key elements are different
  - Extension of the Phase 1 offer to new geographical territories, new channels
  - Extension of what makes the success of Phase 1 to new markets
  - Transformation of the Phase 1 offer into a platform

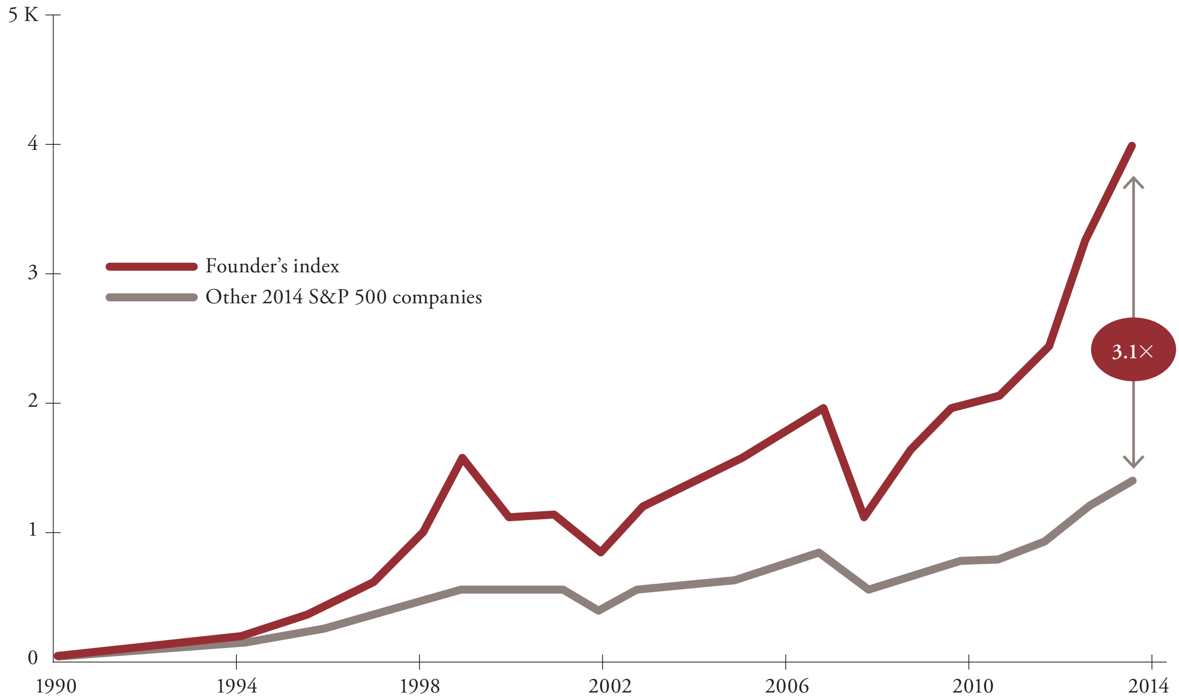
- The elements contributing to growth vary from one phase to another

- The companies that succeed are those that manage to master the transition from one phase to another.

DEVELOP AND MAINTAIN THE FOUNDER MENTALITY

According to one study, the companies that manage to overcome the obstacles to growth and profitability are those that maintain an attitude, a mindset and practices similar to those that prevail in small companies run by competent and successful founders.

Companies managed by their founder outperform S&P 500 Companies
Indexed return on shareholder's investment



Source: S&P Capital IQ, S&P 500, September 2014, Bain analysis

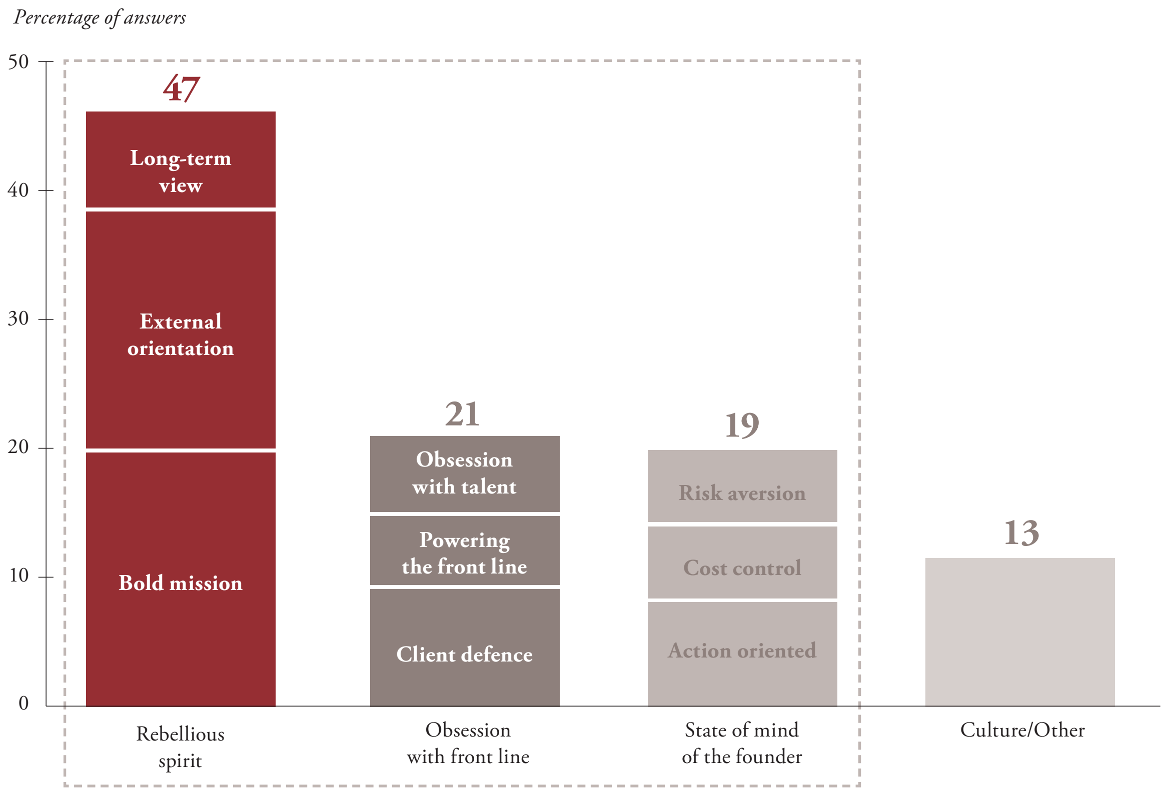
At best, the spirit of the founder, in the long term, is heavily influenced by speed and action; founders consider themselves personally responsible for the actions of their employees and the use made of resources.

The strength of the spirit of the founder is central to the industry of unlisted companies—a reaction against the bureaucracy, incompetent cost management and complexity that besets many large companies.

What are the characteristics of this founder mentality?

- The sense of an insurgent mission, characterized by an ambitious long-term goal, specific and unique resources and talents at the heart of a business model which sets the company apart from others.
- An obsession with the "top line" or front line, characterized by intellectual curiosity about the entire customer experience and the operation of the organization. The "owner" state of mind, characterized by a heightened sense of responsibility in regard to employees and customers, products and decisions, an aversion to bureaucracy and a natural inclination for decision-making processes and rapid action.

Three main advantages of the founder's mentality



This mentality tends to wane with organizational growth and maturity. Its cultivation is essential though, as this mentality proves a winning strategy in overcoming the growing pains that any business passes through.

RECONCILING THE IRRECONCILABLE

Working with paradoxes, incorporating them in the way we represent reality, requires the ability to clearly identify the two underlying perspectives, and the advantages and disadvantages attached to each option.

The paradox of growth: the survival of a company involves growth, the effects of which threaten the very survival of the company. How to overcome this double bind whereby the decision maker is faced with an impossible choice, summarized as: "If I don't choose growth, I condemn my business; if I do choose it (without mastering the effects), I condemn my business."

Systemic modelling

Three principles can help us to think about complexity:

- dialogic, which maintains duality within unity. The dialogic principle combines two terms that are both complementary and antagonistic

- organizational recursion: a recursive process is a process in which products and effects are at the same time the causes and producers of what produces them
- the hologrammatic principle: “Not only is the part in the whole, but the whole is in the part.”

The polarities approach

A paradoxical or dual approach to a problem is one that considers the positive and negative aspects of each available option.

The table below illustrates the reflexive process that may precede a choice between the options of centralizing and decentralizing a given activity.

Positive aspect of the left side of the paradox	Positive aspect of the right side of the paradox
• Lower costs • Standardized processes • Use of best practices	• Entrepreneurial initiatives • Answer to customer’s unique needs • Liberty
Centralization ⟷	⟷ Decentralization
• Bureaucracy • Paperwork • Micromanagement	• Silo working • Redundant systems • Focuses on our own needs
Negative aspect of the left side of the paradox	**Negative aspect of the right side of the paradox**

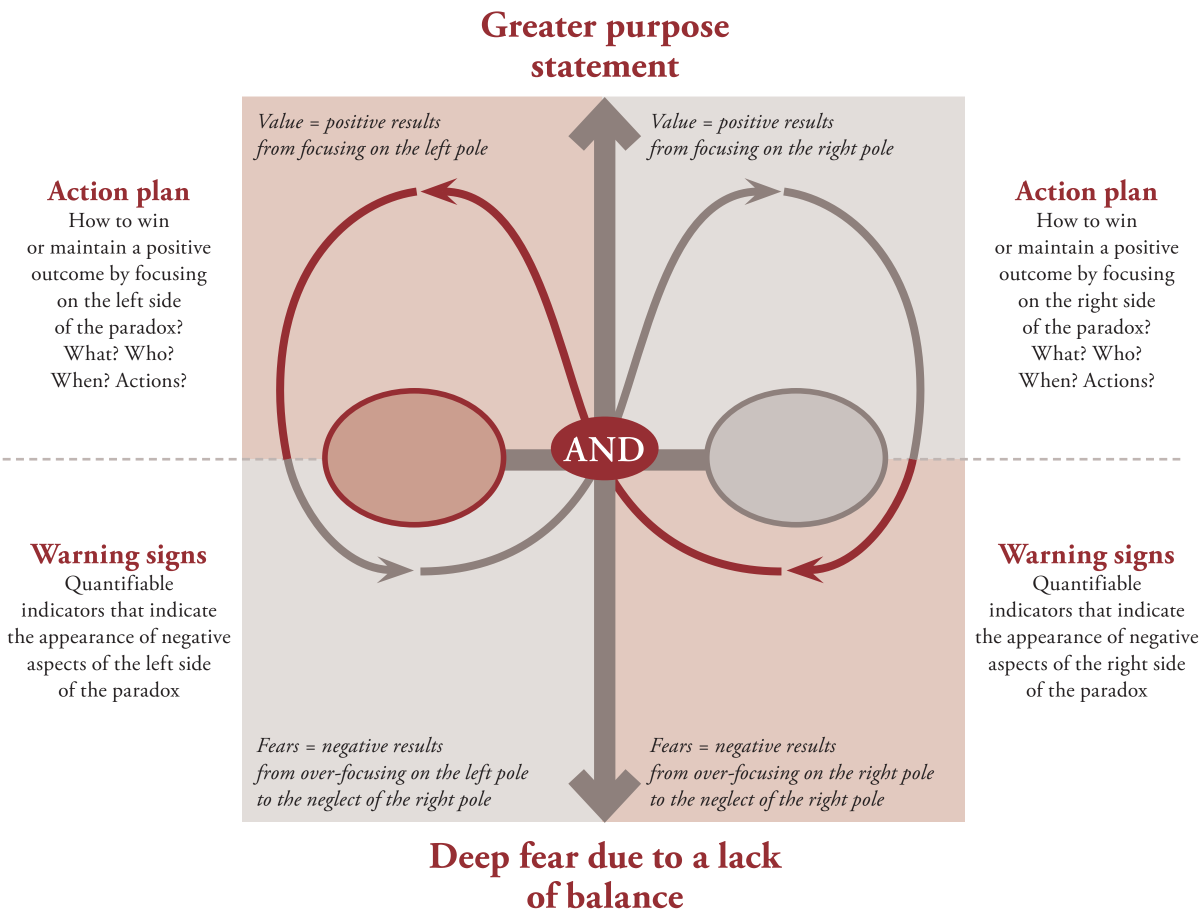
This example shows:
- in the top left quadrant: the upsides of centralization
- in the bottom left quadrant: the downsides of centralization
- in the top right quadrant: the upsides of decentralization (localization)
- in the bottom right quadrant: the downsides of decentralization (localization).

According to all paradoxical logic, upsides and downsides can coexist, since the benefits of a solution at one end of a continuum (e.g. centralization) often correspond to the downsides of a solution at the other end of this continuum (e.g. decentralization), and vice versa.

The final solution is an ingenious construction, a sort of hybrid that attempts to leverage the benefits of each of the initially proposed solutions.

Furthermore, an innovative solution should be built that integrates an important dimension: temporality. There is no static solution, but an evolutionary and adaptive solution that takes into account the transformation of the context and the impact of deploying the solution (recursions) on the initial problem.

Polarity maps, like the one shown below, enable us to:
- explore the tensions between apparently conflicting or incompatible solutions
- identify and understand retroactive loops
- find a way to work through the paradox or even turn it into an asset



Source: Polarity Partnership Associates, in Center for Creative Leadership

The four quadrants are used to position and identify the advantages and disadvantages of these two seemingly conflicting or opposing solutions

- top left quadrant: the upsides of Solution 1
- bottom left quadrant: the downsides of Solution 1
- top right quadrant: the upsides of Solution 2
- bottom right quadrant: the downsides of Solution 2.

The advantages and disadvantages are not only listed but also represented in the form of energy flows between the various options, expressing the tension and vitality created by implementing solutions in all their components.

This representation also makes it possible to view the spaces in which two given elements have equivalent or similar upsides and downsides (where the energy flows are shown as if surrounding them).

The difficulty lies in finding the right balance between the two solutions in a dynamic perspective, that is to say, being able to sustain management of the issue at the point of the "infinity loop", while controlling the excessive oscillations that could cause a drift toward the most negative aspects of each of the solutions shown (i.e. each of the polarities of a given solution).

One of the principles of paradox is its circular nature. When there is tension between two equally attractive options, conflicting commitments or opposite realities, an energy flow is formed between and around these polarities, in the image of an infinite loop. Focusing too much on one polarity to the detriment of the other results in increased difficulty in identifying the downsides of the chosen solution and a tendency to promote a biased reading of the situation where the focus is only on the upsides of the solution.

In other words, partial blindness and the accompanying potential loss of critical thinking can lead to persisting in a given direction (vicious circle) at the expense of a more holistic approach to the problem and thus ruling out some of the existing solutions, which very often are built up "along the way". Another attendant risk is to oscillate between one solution and another, one position and another, without deciding or maintaining a given course.

Only positive synergy between the two poles can raise the solution to the ultimate goal it is intended to serve (virtuous circle).

Managing any paradox involves not considering one pole as the problem and the other as the solution, but rather considering and valuing each of them as both the problem and the solution, or, in other words, as containing both elements of the problem and elements of the solution.

These approaches invite us to view a given problem as a situation that contains the elements of the solution. They tend to favour reasoning that is dialogical (or inclusive, that is to say, "and" instead of "or") or teleological ("and because", which essentially contains the meaning, both in terms of causality and purpose).

Western and Eastern philosophies understand volatility, uncertainty, complexity and ambiguity in different ways.

The Eastern approach (see Annex B), which incorporates the chaotic dimension of the world and favours reciprocity and interdependence, is probably more comfortable with the changing and unpredictable nature of the world.

The Western approach, more comfortable with an ordered vision of the world and favouring greater individualism and personal success, values independent action based, in particular, on a quantitative and linear analysis of a given situation.

QUESTIONING MEANING, MOTIVATIONS AND THE FINITUDE OF GROWTH

Successful companies are said to be those that can master the transition from one growth stage to another. The pitfalls include a poor choice of timing or strategy. These companies also ask themselves questions such as:

- How much growth do we need and how soon?
- What is the residual share of growth in our core markets?
- Is our position secure in these markets?
- What opportunities do we have to extend our activities and generate more cash in order to invest in growth?
- What new opportunities can we identify that are likely to move us from one stage to another?
- When is the best time to act?

It is up to the head of the company to identify and understand the growth path he or she wishes to trace and decide whether the product offering and strategy in place match the aspirations for development.

Careful reflection precedes any decision to implement a growth strategy, which must be reasoned and adapted to the company, taking into account its strengths, weaknesses and specific objectives.

Can growth, as a phenomenon that affects organizations—living systems—be infinite, or is it, by nature, necessarily finite? As the stakeholders say in financial markets, "even trees don't grow to the sky". So it might be useful or even essential to question more personal motivations, which are often misunderstood or ignored. They are somewhat disconnected from the strictly economic considerations that can govern the choice of constantly renewed growth.

People are in the dark about their own motivations and those of others. They mistakenly think that wealth will bring them the material well-being they consider necessary for their happiness. But it is because they wrongfully attribute to wealth virtues it does not actually possess, that ultimately they are not mistaken in coveting it. We lend many virtues to wealth, but what is important is precisely the fact that we lend these virtues. Those who possess wealth attract the covetous look of others. The fact that others covet something that does not deserve to be coveted is of no importance. What matters is the look of longing itself. It is this look that, without realizing it, everyone is after.

A poor man suffers less from material poverty that from the fact that no one notices him.

Thus, the economy and its intrinsic corollary of growth are sometimes driven by the insatiable desire to be recognized by the other, to be admired or envied.

What would be the danger of going beyond thinking in terms of need (which is legitimate, and indisputably necessary for survival or life) and giving free rein to the desire for endless growth? Wouldn't this raise the danger of boundless, unreasonable ambition: of diluting the very reason for growth, i.e. sustaining the business. Dangers that might include the loss of critical thinking, the search to satisfy personal interests to the detriment of the collective interest, self-endangerment and danger for others.

Is there a predefined limit to growth, an optimal size for organizations? In other words, is it possible or even desirable to standardize the development of businesses to avoid possible abuses due to the megalomania of the founder or management team? Where does growth begin and where does it end? What indicators and warning signs can be set up to ensure not exponential but fair growth, optimal growth, that is to say, ecological growth that preserves the life of the organization, the fulfilment and safety of its stakeholders (employees, customers, suppliers, etc.) growth that respects the environment in which it operates?

In a systems approach to the world, all the components of the system are interrelated. The future of each is conditioned by the choice of all. Perhaps fair growth or the right kind of growth is quite "simply" responsible growth.

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APPENDIX

APPENDIX A
The six logical levels of vision

Vision can be broken down into six levels of logic, divided into two groups:

LEVEL	DESCRIPTION	DURATION
Vocation	Purpose	Timeless dimension
Ambition	The challenge	5–20 years
Values	Organizational, cultural, ethical	10 years
Principles of management	Translating values into management systems	5 years
Strategic priorities	Choice of resource allocations over time	1–2 years
Action plans	Tactics: actions and calendar	Here and now

Essential: stable elements

Axes of progress: variable elements

➔ **What is essential** (relatively immutable and intangible)

• vocation: the dream, the raison d'être, what differentiates the company, what it offers that is truly unique in the world, its contribution

• values: basic set of rules, standards, organizational, cultural and ethical values, the bedrock of the company, that which "cements" its players and guides its choices

• the principles of management: translating these values into concrete terms, the embodiment of rules and standards in daily life, in the practices implemented by the company

➔ **What is important** (that which can vary and adapt to internal and external changes)
• ambition: formulating the dream as a more quantified and qualified mission
• strategic priorities: resource allocation according to the objectives pursued by the organization
• action plans: putting tactics into words, in the form of action and schedules (what? who? how? when? etc.)

The vision is an embodiment of the mentality of the founder. His or her efficiency, legibility and convening power depend on their impetus (that is to say his "honourability"), but also on the alignment between each of these components or levels of logic.

Ensuring the consistency of the organization (processes, procedures, work stations, structures, and so on), the men and women (for example internal corporate culture, management style, information loops, communication) and vision of the business is a way to address the issue of the complexity that organizations face.

The vision is part of a dynamic of progress and adaptation as it "crystallizes", structures and describes the corporate culture around an individual and collective dream.

APPENDIX B
The Eastern approach

The Eastern philosophy of balancing yin and yang offers an alternative way of apprehending paradoxes.

The Chinese symbol of yin and yang is made up of two opposing elements, each containing the "seed" of the other.

Yin is represented by the dark shape, marked with a white dot.

Yang is represented by the lighter shape, marked with a black dot.

According to this ancient Chinese philosophy, everything, every agent in the world is composed of two partially conflictual, partially complementary elements.

This symbol is an illustration of both unity in opposition and the balance between two counterbalancing elements.

It also reminds us that the components of any paradox are interdependent and interlinked. They interact with each other, and their proportions can vary dynamically in a movement of evolving and adaptive cooperation, depending on the context.

This philosophy of balance is based on three fundamental principles:
• Holistic principle: The opposing elements are interdependent by nature and they interpenetrate. They are therefore inseparable. This principle gives rise to a mechanism of asymmetric balance, wherein balance does not result from a perfectly equal distribution between each of the elements, one of which may/must be predominant.
• Dynamic principle (transitional balance): In essence, the two constituent elements are interactive and interchangeable, as these opposing elements will transform into each other within a given context.
• Principle of duality: There are conflicting but also complementary links between opposing elements, referred to in systemics as recursive (as opposed to linear).

The constant movement in search of the right balance can be illustrated as follows:

Like breathing, it is indeed a dynamic process, in the sense of moving reality, as opposed to the more static resolution of a problem where the solution appears as an exclusive choice (an option excluding all others), and one that is permanent (unchanged, taking place for a certain duration or on a permanent basis.)

DEAL
TO GROW OR NOT TO GROW?

SET 1

MATCHING GROWTH WITH SUCCESS?

WHAT IS GROWTH?

Growth is about increasing in size, extending. It is defined as a development, a thrust, an increase, an enlargement, an expansion or a progression. It can be equated with progress or a boom.

To grow is to develop, to expand, to increase, or to extend. In the context of living organisms, to grow means to develop gradually and naturally until the organism reaches the stage of maturity.

Indeed well before it became part of the vocabulary of economics and business, the notion of growth was inspired by observing nature, and in particular the size of living beings. Its use was broadened to describe the activities of these living beings, but also, metaphorically, to more abstract notions (the growth of feelings or ideas, for example).

The definition is wide enough to encompass not just biological phenomena but also the positive evolution of a population, city, company or economy. The fruit of human labour in many respects is similar to biological growth with its complex interplay of correlations, being subject to comparable laws and evolutionary principles.

In the living world there are two types of growth: definite or finite growth, which is that of the animal world, and indefinite growth, which is that of many plants. The growth of animals (and thus of humans) ceases after reaching a certain size, which is genetically determined and characteristic of the species.

As a fundamental property of all living beings, growth—understood as the development of an organism—is a somewhat quantitative phenomenon, while development involves qualitative changes. Indeed during a typical life cycle, a living organism passes through several successive stages. The transition from one stage to the next involves changes of both a quantitative nature (increase in size and mass) and a qualitative nature (formation of new organs).

These characteristics are significant when referring to the growth of a business.

- Is it a strictly quantitative change or a development with qualitative implications?

• Does business growth correspond to the laws of the animal world, presupposing the existence of an optimal size, or can it be considered as indefinite and non-standardized?
• Is growth an intrinsic component, indispensable to the life of any business, throughout its trajectory?
• At what point is the growth of a business likely to lead to a loss of individuality or identity and a possible disruption of functional activity, thus threatening the very survival of the business on whose behalf it was engaged?

Traditionally business growth is measured by increase in turnover and/or market share (existing or new markets), which may result from external growth (M&A growth, based on buying out competitors or on a reconciliation policy) or internal growth (organic growth, due to the evolution of the company's own activity).

The development of the Altrad Group is based on external and internal growth. Its acquisitions are of two kinds:
• Horizontal: the companies acquired are similar in nature to the Altrad Group. These are consolidation operations aimed at gaining market share.
• Vertical: the service companies represent opportunities for the Group's industrial companies.

While any acquisition is a lever to create value, the danger experienced by many companies engaged in growth operations is to lose more than they gain after implementing growth strategy. Achieving a successful major acquisition or multitude of acquisitions is always a real challenge.

Indeed many studies show that most rapprochements fail, mainly due to the difficulty of converting the expected opportunities for synergies into effective synergies and integrating the purchasing company and the target company into a new "homogeneous" whole.

In light of this, how can we not fear growth and its possible adverse effects? The answer, among other things, is to carefully plan the key steps in the integration process (motivation, expected results, anticipated effects) beforehand. The processes of steering, creating synergies, leveraging differences, whether cultural, strategic or organizational, need to be well mastered so that the newly created organization is more efficient and profitable than both the previous ones.

The difficulty lies in the need to combine a macro-functionalist approach with a micro-vision, because integration is both the fusion of two systems and that of the individuals who have to strive to achieve it by mounting the least possible resistance.

At this point the quality of management proves decisive as it entails vision, culture, change management, mobilization and adhesion.

THE STAGES OF GROWTH

How useful or even necessary is it for a company to grow, and at what point in its development? Is growth a prerequisite for business survival?

Every SME manager, every member of the management of a large company and every entrepreneur places at the heart of his or her concerns the organization's growth. Growth is a vital element for companies. The aim of these entrepreneurs is for the business to grow and prosper. Their ambition is to constantly gain new market shares. Their dream (if they share the same dream) is to become a leader in their sector.

Traditionally, as in the case of the living world from which economics has borrowed the terminology, the life cycle of a business is divided into four stages or phases, corresponding to distinct levels of maturity, presented here in succession:

Creation

- Introduction to the market of a new company and/or gradual diffusion of a new product
- Appearance of new skills, in particular the consequences of innovation
- Period of low growth
- Significant investment policy

Growth

- Expansion of activity
- Rapid acceptance of the product by the market
- Substantial increase in profits
- Increasing need for fixed assets and circulating assets, new investments and therefore financing

Maturity

- Three phases
  - Increasing maturity
  - Stable maturity
  - Declining maturity
- Market saturation: slower sales growth
- Inelastic demand: strong stabilization of trend factors in the competitive game
- Production overcapacity: profits at maximum level, then a decline in profits due to expenses incurred to support sales in the face of competition from new products
- Appearance of substitution: growing threat from dominant firms
- Technological maturity
- Consumer sophistication: the need to acquire market shares or to find a new strategic segment via a strategy of differentiation and to establish a more comfortable position

Decline

- Progressive change in the structure of competition
- Stagnation or even decrease in sales
- Erosion of revenue

This somewhat schematic life cycle reflects the likely changes over time in the company's turnover and profitability, and hence its potential for growth.

	Creation	Growth	Maturity	Decline
Growth rate	Medium	Strong	Weak and stable	Zero or negative
Growth potential	High	High	Zero	Negative
Number of competitors	Low to high	High	Low	Low
Competitive structure and stability of positions	Distributed and volatile	Crystallization of positions	Stability of leaders	Oligopoly
Technology	In its infancy	Evolutive	Fixed	Fixed
Access to the trade	Easy	Possible	Very difficult	Of no interest
Typical strategies	Innovate or copy	Invest in market share	Make profitable	Milk

It is generally accepted that all companies need to increase their profitability to guarantee not only sustainability but also success.

HOW CAN A BUSINESS GROW?

Businesses can opt for internal or organic growth, or else external growth through acquisitions.

While growth (usually of an internal nature) goes without saying when creating the business and during the growing phase, it can continue beyond that, during the maturity phase, particularly if the company is seeking to win the leading position of a sector.

Such ambition usually involves implementing an external growth strategy. This creates complexity within the newly formed Group, which, similar to the living world, has been modified not only quantitatively (increase in size and mass) but also qualitatively (formation and integration of new organs).

Against a backdrop of slower economic growth (such as the euro zone has been experiencing for several years), external growth operations offer levers of growth that are relatively

- secured (the company is already established in a given sector and has already tested its product/service on the market)
- fast (immediate access to new markets and customers and instant referral to new accounts)
- accelerated (reaching a certain critical size faster)
- facilitated (obtaining financing from banks may be easier, to the extent that the bank has the required capacity).

External growth operations can result from different strategies, themselves resulting from various types of motivation:

- Certain operations are an extension of the activities carried out by the acquiring company. They aim to
  - raise market share to compensate for the slowdown in organic growth
  - set up overseas by overcoming cultural and administrative barriers
  - redeem intangible assets (patents, skills, rights, expertise and so on) to compensate or (re)vitalize the research and development process
  - move toward vertical integration to control or secure supply sources (upstream integration) or distribution channels (downstream integration)
  - move toward horizontal integration to limit/eliminate competition and strengthen a leadership position in a given market
  - diversify the products and/or services of the acquiring company or incorporate substitute products.

- Some move away from the core business of the acquiring company, in order to
  - acquire new skills and expertise
  - access new sources of opportunity in sectors that need to change technologically or commercially, or are excessively atomized (with the aim of achieving economies of scale)
  - restructure in capital-intensive activities or in the case of economic downturn.

All of these operations are designed to make the acquiring company stronger, in one way or another. And this is the paradox: the more the company strives to strengthen itself (by increasing in size, by diversifying its activities, etc.), the more fragile it becomes, by exposing itself to more disorder, before achieving—as the case may be—a new balance.

Any transformation is a challenge for a business, whose ability to adapt to its newly acquired internal and external contexts is called into question.

Thus when a Group grows it creates the conditions for greater entropy (transformation or disorder) insofar as the growth operation produces more constituent elements and more interactions (between the elements themselves and between the elements and the external world), before reaching (and this is the challenge) a certain negentropy (organization or equilibrium), which is indispensable to the survival of the business and endorses the success of the growth operation.

WHAT PREREQUISITES MUST BE FULFILLED TO OPTIMIZE THE CHANCES OF SUCCESS OF AN EXTERNAL GROWTH OPERATION?

The (potentially temporary) threat of fragility posed by an external growth operation calls for careful preparation upstream and taking account of the temporal dynamics in the implementation process in order to optimize the chances of success.

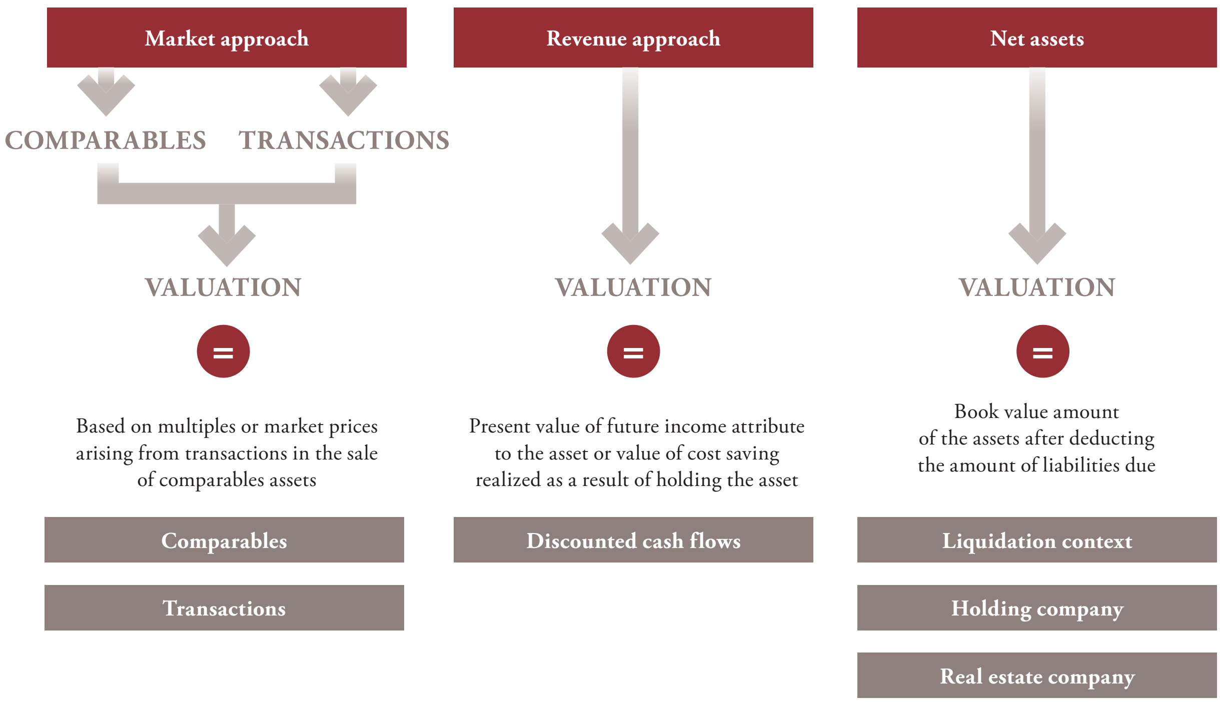
Special attention must be paid at each stage:

- Think about the motivations (why?) and objectives (to what end?) of the external growth operation
- Identify the target (what?) and pay the right price for it

- Build the acquisition and integration strategy (who? when? how?)
- Steer the integration process.

Value creation is subordinate to several conditions. The price paid is undoubtedly a critical element. The outcome of negotiations between vendor and acquirer is based on the valuation of the business. This is a decisive factor, as the resulting acquisition price will partly condition the extent to which the acquiring company can create the expected value.

There are several methods of evaluation, which can be grouped as shown in the following diagram:



Beyond the price or the financing of the operation (another critical point), identifying potential synergies between the activities of the target and those of the acquirer will also prove decisive.

Acquirer and vendor prepare a business plan—usually separately—the purpose of which is to identify and highlight the motivations for the transaction and the anticipated benefits of the operation.

A candidate seeking to acquire a company or a Group has access to only a part of the data concerning the target company. This information is communicated in the form of summaries or quantitative and qualitative data, the aim of which is to maximize the sale price. This lack of visibility or impartiality de facto complicates the assessment of potential synergies.

To avoid overpaying the company and to validate the relevance of the acquisition project, the acquirer must make the best possible estimate of the value of such an acquisition for his or her company.

The price takes account of all these synergies, even if in theory the future synergies contributed by the acquirer should not be included in the purchase price.

From the vendor's point of view, the transaction operation can also be broken down into a number of steps.

As illustrated (in part) by the first act of the play, a significant number of actors participate in the transaction itself.

STEP 1	STEP 2	STEP 3	STEP 4
Preparing the consultation	**Placing on the market**	**Datacoms**	**Signing and closure**
• Analysis of the company (target and acquirer): operational, commercial and financial performance • Definition of potential purchasers • Preparatory work (teaser, information memorandum IM, confidentially agreement, NDA) • Possibly, Vendor Due Diligence (financial, legal, fiscal, strategic)	• Objective: to identify among the potential acquirers those most likely to carry out the operation at the best price • Contact potential acquirers with a teaser • Signature of NDA • Sending of information Memoranda Q&A, visit, premanagement presentation, VDD • Preliminary valorizations • Indicative offers (letters of intent)	• Objective: to enable potential acquirers to confirm their indicative offers • Dataroom • Presentation by management • Visit of sites • Valuations • Firm offers • Sales and Purchase Agreement (SPA) • Negotiations • Exclusivity	• Signing – SPA – Exit clause • Closure • Integration – operational (structure, team) – financial (management system, IT, etc.) – synergies (definition and implementation)

Their expertise and coordination are also factors determining the success of the transaction and thus of the external growth operation as a whole.

In practice, and contrary to the fictitious case in the play, the participation of clients in the due diligence phase is, if not impossible, at least highly unlikely.

The people associated with the transaction and its attendant meetings are those whose expertise justifies their presence. While the organization's staff (financial director, legal director, human resources manager, etc.) are involved at various stages of the process, it is much less common for employees to be present in the transaction phase itself.

Beyond the actual transaction, multiple actors intervene at all levels of the organization, assuming that there is a minimum of adherence to the project of growth, alignment, coordination, collaboration, commitment and involvement.

Advice	Role	Vendor	Purchaser
Management + Employees	Involvement in the entire process, including Management Presentation	●	●
M&A advice	Coordinate the link/negotiation operation	●	●
Financial advice	• Financial Due Diligence (Vendor or Buy-side) • Assistance with valuation/financial modelling • Allocation of the acquisition price	○	●
Legal advice	DD/SPA/GAP	○	●
Fiscal advice	DD/Structuring	○	●
Strategic advice	DD	○	●
Banking	Funding		●

DD = Due diligence/audits

SPA = Sales purchase agreement

ALG = Assets and liabilities guarantee

Legal advice = Business lawyer

ACT I
CHOOSING TO GROW BY EXTERNAL ACQUISITION

The conference rooms of two separate companies and a merchant bank.
One type of set: a table, a few chairs, a keyboard, a flat screen and a telephone.

The scenes take place successively in the three rooms.
The set remains identical, except for the logo projected onto a screen visible by the spectators, which changes from one company to another.

Villa Inc.: proposed acquirer
Antonio Villa (CEO of Villa Inc.)
Jane (Chief Financial Officer of Villa Inc.)

West & Co.: proposed acquirer
Lucy Saint-Charles (CEO of West & Co.)
Dan Francard (West & Co.'s longest-serving employee)

Fareep: a representative from one of West & Co.'s customers
Fred Gibbs (CEO of West & Co.'s newest customer)

Long Island Bank: investment bank specializing in the sale and acquisition of companies
Mark Jenkins (banker)

H.M. Group: the target
Henri Ménard (CEO of the H.M. Group, transferor)

SCENE 1

Lucy stands alone, her mobile phone in her hand. She is speaking to someone who cannot be heard. On a screen, facing the audience, the West & Co. logo is displayed.

LUCY. – OK, Mark. Thanks for letting me know. I read your teaser. It may indeed be of interest to us. Tell me again … when can we meet the director?
[*Pause*]
Next Monday? OK I've made a note of it. Monday, 9:00 a.m. in your offices, then.
She gets up, walks around without speaking for a few moments, then dials a number on her mobile phone.
Hi Dan. It's Lucy Saint-Charles, I need to see you today.
[*Pause*]
Yes, yes, it is you I want to see! Are you free? Right now?
[*Pause*]
Perfect, right away, then. We'll meet in my office. Thanks Dan.

She hangs up.
She leafs through a document while waiting. Dan Francard knocks and enters.

DAN. – Hello Mrs Saint-Charles.

LUCY. – Hello Dan. Thank you for making yourself available so quickly. Please sit down. Coffee?

DAN. – No, nothing. Thank you.

LUCY. – How are you, Dan?

DAN. – Fine thank you, Mrs Saint-Charles … And you?

LUCY. – Dan, I'm going to need you. Next Monday I'm meeting the head of a company that our Group is planning to acquire. I want you to come with me.

DAN. – Me?

LUCY. – Yes, you. Does that surprise you?

DAN. – It does a bit, yes.

LUCY. – So much the better! If you're surprised, others will be too.

DAN. – But I thought that … It's usually the legal and financial advisers that … they're the ones with the skills. I work in the technical department.

LUCY. – Dan, you've been working for West & Co. for the last 36 years, haven't you?

DAN. – Yes, it'll be 36 years on the 2nd of February.

LUCY. – That's why I want you to come with me. You are the Group's memory.

DAN. – But I don't know a thing about acquiring companies!

LUCY. – You know West & Co. like no one else does.

DAN. – I know about supplies, breakdowns, repairs, where the LED bulbs are … but numbers, laws … It's not a good idea, Mrs Saint-Charles.

LUCY. – Dan, how many people work at headquarters?

DAN. – 483.

LUCY. – How many do you know personally?

DAN. – I don't know. I go round all the offices. I'd say, 400 or 450.

LUCY. – 450! That's great! We'll meet here on Monday morning at 8:00 a.m. Fred Gibbs will be there too.

DAN. – Mr Gibbs? The boss of Fareep? But he's a customer!

LUCY. – You see how much you know?! Monday, 8:00 a.m.

Blackout.

SCENE 2

Same place. Only the logo has changed (Villa Inc. logo). Antonio is sitting on the edge of the conference table. Seated in a chair, Jane is leafing through an information memorandum, a pencil in her hand as if to annotate it.

JANE. – Mark Jenkins? Long Island Bank?

ANTONIO. – Yes. He was the one who found the target. We don't know everything yet, but it looks pretty good. It's an industrial Group. 18,000 people. Almost as big as we are. Their main presence is in Europe, North America and Asia. They acquired a company three years ago that mainly operates in Africa and the Middle East.

Due diligence begins right after the meeting with the CEO next Monday. That's when we'll get the access codes. What do you think about it from a legal and financial point of view?

JANE. – It's a bit too soon to say. Mark's email is rather brief. It's not like him. His teasers are usually more detailed. The information memorandum is also fairly succinct. He doesn't even mention the target's name!

ANTONIO. – I know. He's assured me that all the additional information we'll need to evaluate his client's company will be made available to us after the appointment on Monday.

JANE. – And what's the CEO's name?

ANTONIO. – Mark didn't want to tell me on the phone.

JANE. – What? What's that supposed to mean?

ANTONIO. – Calm down! Mark says it's just the kind of business we're looking for, which at first glance is confirmed by the info memo.

JANE. – OK, chief … I'll read the document he sent us in detail. I'll send Mark our confidentiality agreement later.

ANTONIO. – Perfect! We'll know more on Monday when we meet with the CEO. Jenny's booked our plane tickets. We'll meet at the airport on Sunday.

JANE. – Who else is there besides us for the appointment on Monday?

ANTONIO. – Just you and me. And the other potential acquirers.

Blackout.

SCENE 3

Same place. Monday morning. Only the logo has changed (Long Island Bank logo).
Sitting around the table are Antonio, Jane and Fred, chatting together. Next to the table, Lucy and Dan are speaking in low voices.
Mark Jenkins is standing.
Seated on a chair to one side is an older gentleman, Henri Ménard.
Spotlight on Dan and Lucy.

DAN. – Mrs Saint-Charles, I repeat what I said last week. I’m not the right man! What will I say if I’m asked a question?

LUCY. – Dan, I understand your concern. But for today, the most important thing is to get acquainted with everyone, and especially with Henri Ménard. You don’t need to be a legal or financial expert to understand who the people around the table are. And that’s your expertise, people. You know who you’re dealing with.

DAN. – Mrs Saint-Charles … it’s not just me … It’s your credibility that’s at stake.

LUCY. – That’s exactly what it’s about!

[When Mark begins to speak, everyone stops talking.]

MARK. – Ladies and gentlemen, thank you for coming. Let’s start. I’d like to introduce Mr Henri Ménard, the CEO of the H.M. Group. I imagine that his name and that of his company are familiar to you, even though the company is not listed.

A few weeks ago, Mr Ménard told me of his wish to dispose of his Group, of which he holds nearly 80%. I contacted you because each of you is seeking to strengthen your company through external growth. So I’ll hand over to Mr Ménard without further ado. Mr Ménard, the floor is yours!

MÉNARD. – Thanks Mark. Ladies and gentlemen, first of all, I would like to thank you for making yourselves available at such short notice.

The H.M. Group is today one of the world leaders in the field of industrial services. It has a consolidated turnover of nearly 2 billion euros. It has 12 subsidiaries and approximately 18,000 employees in North America, Europe, Asia, Africa and the Middle East. I founded the Group 20 years ago. I am now seeking to sell it.

MARK. – Thank you Mr Ménard. Ladies and gentlemen, any questions?

LUCY. – Mr Ménard. Why sell? Why now?

MÉNARD. – To continue the development of the Group would involve major acquisitions that I no longer wish to direct at my age. H.M. owes its place as number two in its sector to the quality and rigour of its management. My concern today is the same as it was yesterday: to guarantee the sustainability of H.M. while preserving its impeccable reputation. My wish is to find the right buyer, one who will be able to grow H.M. while respecting its specificity, its history. The success of this sale depends as much on the choice you make as on the one I am going to make. As our English and American friends say, I'm looking for a mutual fit.

MARK. – Mr Ménard instructed Long Island Bank to coordinate this sale and identify the companies likely to take over the H.M. Group. Each of your groups will have four weeks to perform due diligence from [*he looks at his watch*] … 10:00 o'clock … today. As you know, the aim of this four-week audit is to give you a better understanding of the Group headed by Mr Ménard so that each company can confirm its interests, as the case may be, in taking over the H.M. Group. The due diligence will be divided into two parts: a strictly economic component and a social component.
I will give each of you an access code to the website where you'll find all the information you will need to evaluate the tangible and intangible assets of the H.M. Group.
There is a detailed description of the activity, the functioning of the holding company, the strategic, financial and commercial parameters, its competitive position, its potential for development and innovation.
As regards the human and social aspects, you'll find a lot of information about the Group's culture, the management of its human resources, organization and management methods.
Do you have any questions?

ANTONIO. – Mr Ménard, on reading the documents that you sent us, I understand that your Group has had some difficulties, particularly after the acquisition of Metallica in 2005. Could you say something about that?

MÉNARD. – With this acquisition, the financial situation of the H.M. Group was momentarily weakened. Our debt rose significantly and with it our liquidity risk. We managed to restore the free cash flow levels to guarantee our daily cash requirements. It took us almost two years. It was hard, but thanks to our rigorous management and the restructuring carried out in several of our subsidiaries, we were able to remedy the situation. Today this "cash crisis" as we call it in-house is behind us.

FRED. – Fareep, the company I run, is a recent customer of Mrs Saint-Charles's West Group. Mr Ménard, what place do you give your customers?

MÉNARD. – Top place! In concrete terms, we've worked hard at all levels to offer our customers high-quality service as well as precise, reliable products that meet their needs and that we're committed to delivering on time. In return, we expect to be paid on time. It's a question of reciprocity, of mutual respect.

FRED. – In your opinion, what is the key to the success of the relationship with your customers?

MÉNARD. – The trust we are able to create. It’s based on our professional credibility, of course, but also on our reliability. And finally, on the quality of our exchanges, the sharing of values. Trust is a virtuous circle: trust creates confidence.

LUCY. – When you talk about values, which ones have you chosen to endorse?

MÉNARD. – Innovation, excellence, trust and independence. More recently, we added plurality to our charter. Our values are above all humanistic.

JANE. – The famous chapter on “putting people at the heart of our concerns”. A company is strategic, it’s economic, it’s financial … above all!

MÉNARD. – Yes, it’s that too.

[*Silence*]

MARK. – Do you have any further questions?

No? Perfect! It’s 10:00 a.m. The due diligence can begin.

Blackout.

SCENE 4

In the same place, at the end of the due diligence period.
The Long Island Bank logo.
Antonio and Jane are there as well as Dan, Lucy and Fred. The spotlight alternates according to the Group whose conversation is followed. The other Group mimes a conversation.
Spotlight on the representatives of Villa Inc.

ANTONIO. – Jane, did you send our business plan to Mark and Ménard?
[*Jane nods.*]
Perfect! OK, let's check the items of our proposal one more time. We have scarcely an hour left before presenting our intention to Mr Ménard. I'll start with the usual point about context and briefly introduce Villa Inc. Let's have a look at the numbers and strategic items, shall we? Synergies?

JANE. – The cost and revenue synergies mainly concern manufacturing activities in Eastern Europe and distribution activities on all continents. In terms of activity synergies … maintenance activities represent an opportunity for our Group to diversify and penetrate new markets. Long-term synergies are more difficult to identify and quantify, but we expect this vertical and partly horizontal integration to be profitable in the medium term, in the next three to five years.

ANTONIO. – Valuation?

JANE. – We worked with three different valuation methods. The proposed price takes into account the expected synergies and those that we should be able to create in the medium term.

ANTONIO. – Financing, cost of debt, terms of payment, guarantees?

JANE. – Everything is referenced in the memo.

ANTONIO. – An update on how to integrate the subsidiaries?

JANE. – We have to remember that our intention is to preserve jobs in all H.M. subsidiaries and allow full integration within three years. We'll set up a series of operations to communicate our values to H.M.'s employees and transmit our culture. We intend to rename the H.M. companies in order to match their new identity to that of our Group. Social and remuneration policies will be progressively harmonized, in compliance with local social legislation.

ANTONIO. – OK. Fine. No need to dwell any further on this point. At this stage, what interests us most is the economic and financial aspects.

[They continue their conversation, now inaudible.]

SCENE 5

Spotlight on the representatives from West & Co.

LUCY. – Before reviewing the terms of the presentation we'll be making in a few minutes, I wanted to thank you both. The time you've devoted to working with me on analysing the H.M. Group over the last four weeks, your comments on West, and your ideas have been a great help to me.

FRED. – The presentation WE will be making? What exactly do you mean?

DAN. – You took the words out of my mouth, Mr Gibbs!

[*He looks at Lucy with a worried expression*.]

LUCY. – [*She nods*] A business is a story. It is a narrative … with several voices. West isn't just about me. The Group employs 20,000 people; it works with hundreds of customers and suppliers who all contribute to its development. Without collaboration, without sharing a common vision, without adhering to our values, West would just be a collection of individuals. What makes us successful is our ability to work together. [*Pause*]
I also want to highlight the matrix organization we've adopted. I want to tell him how our Group cooperates and adapts to everyday life: our agility is a force as much as a condition of our survival.
I'd like you both to tell us why you chose to work with us: you Dan for almost 36 years and you Fred, as a customer, for less than a year.

Blackout.

SCENE 6

In the same place, at the end of the due diligence period, the next day.
The Long Island Bank logo. Antonio and Jane are there, as well as Dan, Lucy and Fred. Mark and Henri Ménard are also present. Everyone is sitting around the table except Mark who introduces the session.

MARK. – Ladies and gentlemen, the due diligence period has reached its due date. Thank you for the files that you have sent us and which we have already looked at. Our last working session will be the opportunity for you to state your intentions to Mr Ménard. As he has informed you, he will be able to give you an answer today and announce which of your companies he will be ready to continue the negotiations with. Henri?

MÉNARD. – My question for each of your companies is very simple: What do you expect from the merger with the H.M. Group?

MARK. – Antonio, the draw gives you the floor first.

ANTONIO. – Villa was founded by my great-grandfather at the end of the nineteenth century. My grandfather diversified the business. My father made it into a European Group.
Over the past two decades Villa Inc. has extended its presence to three continents and expanded its business portfolio through organic growth and, more recently, through external growth.
For all these years our approach, which is both cautious and innovative, has enabled us to ensure the survival of the Group, whatever the economic context.
What guides our development is seized opportunities, but also our ambition to become the world leader in the field of assistance to the construction of state infrastructure, nationally and transnationally.
In the past, each acquisition has been subjected to a thorough prior study in order to ensure, as far as possible, that the new unit creates value. Our concern has always been to maximize profits through rigorous management at all levels of the value chain. We promote the full integration of the acquired companies to reinforce their sense of belonging and to unify our culture.
Like my forebears, I work passionately for the continuity and stability of the Villa Group. This means ensuring its financial soundness and the rigorous management of its economic, technical and human resources. The men and women of Villa are professionals, anxious to provide a service of very high quality to their customers. All our employees share this same vision of excellence and work together to develop our activities and make them known throughout the world. We all know that reputation is hard to build and yet easy to destabilize. It demands constant attention. Everything is important. Everything counts.

[*Pause*]

JANE. – Why acquire your Group, Mr Ménard? This acquisition will provide a strong boost to our growth, strengthen our presence in Europe and North America, and penetrate the Asian, African and Middle Eastern markets. It will give the Villa brand increased visibility in record time. It will enable our Group, thus strengthened, to become an indispensable partner in its markets.

MÉNARD. – Groups other than H.M. would also give you access to what you are looking for. Why us?

ANTONIO. – The opportunity arose. Your Group ticks a lot of boxes, if I may say so. The return on investment should be within three to five years. You seem eager to finalize this deal quickly, which we are pleased to see. Once we make our decision, we like to move forward and not waste time unnecessarily. It is one of our values, moreover: effectiveness. We're determined!

MARK. – Thank you Antonio, thank you Jane. Mr Ménard, do you have any further questions?

MÉNARD. – No. Thank you.

MARK. – Lucy, the floor is yours.

LUCY. – Thanks Mark. Before I speak, I'd like to give Mr Francard and Mr Gibbs the opportunity to share with you the reasons why they agreed to be involved in this due diligence process. Fred, do you want to start?

FRED. – Fareep, the company I run, manufactures high-precision parts for the civil and military industry. The quality of the steel used in our products is crucial. It largely conditions their reliability. Which shows how much importance we place on meticulous, proven manufacturing and control processes.
When I contacted the West Group, I was looking to diversify my raw materials suppliers. Mrs Saint-Charles came to see me, in our factories, with her sales manager and a foreman from one of her factories.
During the two hours we spent together, the talk was mainly about Fareep, our needs, our projects, our issues, our difficulties. Mrs Saint-Charles was clearly genuinely interested in what we had to say. Since then, she has created a true relationship of trust, based on listening and on the quality of her services and products.
As a customer, we expect our suppliers to have a high level of professionalism and an understanding of our expectations. That's what we get with West.

LUCY. – Thank you, Fred. Dan, would you like to continue?

DAN. – [*He coughs, a little embarrassed*] Sorry, I'm not used to speaking in public.

[*Pause. He looks at Lucy, who encourages him with a smile.*]

In a few weeks, I'll have been working in the maintenance department at West headquarters for 36 years. When Mrs Saint-Charles replaced Mr West as president many people were surprised. It's not common for a woman to lead 8,000 people! Even more so in the industrial sector.
In the first month after she arrived, Mrs Saint-Charles met with each person at the headquarters. When I say each person, she saw us all … individually!
And even though in the last 28 years the Group has grown a lot, it's still very … how can I put it? … accessible. I agree with what Mr Gibbs said: she's interested in us. Really.
And she's a very charismatic leader!

LUCY. – Thanks Dan. Mr Ménard … A company is a human construction, made by and for men and women. Yes, we place people at the centre of our concerns, whether it be our employees, our customers or our suppliers. Our conception is humanistic. It's based on respect for people and cultural differences.
No relationship of quality can exist without trust. I'm not inventing anything by saying this. Without trust, it's impossible to build anything durable. And at West we cultivate the love of work well done.
We also regularly ask ourselves about what the West Group is doing in its markets, what are our special features, what makes us unique. Our values guide the behaviour of each of our employees and give meaning to our collective action. They go by the watchwords professionalism, entrepreneurship, cohesion, involvement, ethics, anticipation, reactivity and open-mindedness.
You know, our Group has not been free from crises. These periods of turbulence have taught us a few essential notions such as operational efficiency, rigorous budget management and quality in the service of value. They have taught us how important it is to know how to challenge ourselves, quite simply, to be able to adapt.
Mr Ménard, growing the West Group has been a constant challenge. Every new company that has joined us has enriched us. I know that what I say may sound like a bit of a cliché, but it really is about enrichment. My deep conviction is that a company needs diversity in order to last. Creating the conditions for diversity while maintaining a unifying and harmonious framework is not easy. We've succeeded sometimes, and sometimes we failed. But we've learned, with each new acquisition. Our identity, although multiple, is clearly established.
The reasons why we are interested in your Group, Mr Ménard, are not very different from those that led to the previous rapprochements. In some of its markets, West needs to acquire a critical size that we would take years to achieve organically. Time is a luxury we can't afford, in this case. In addition to this, your research and development activities will boost our own research. It is imperative that we continue to innovate today if we want to exist tomorrow.
I know that the rapprochement of two entities always involves a phase of delicate transition, I was going to say of greater fragility. Our teams are experienced in integration. The success of such a change is never guaranteed. We understand that we must allow time to take its course, explain, communicate, explain again, create relationships, value the contributions of all, help everyone to find their place. As I have said, above all it's a story of men and women.

MARK. – Thank you, Lucy. Anything to add?

[*Lucy shakes her head*.]

MARK. – Mr Ménard … do you need a few minutes?

[*Ménard rises and shakes hands with Antonio Villa*]

MÉNARD. – Mr Villa, I would like to thank you and also to congratulate you. You have succeeded in raising the Group founded by your great-grandfather to a remarkable level.

[*Then he approaches Lucy Saint-Charles.*]

MÉNARD. – Thank you, madam, for the sincerity of your presentation and congratulations for “converting Mr West’s try”.
[*Then addressing everyone*.]
The question of the price remains to be defined, and with it the modalities of the legal and financial arrangements. The person with whom I intend to have this conversation is Mrs Saint-Charles.
Madam, let’s make an appointment for next week, shall we?
Thanks Mark. Thank you all.

Blackout.

SET 2

THE STRATEGIC PLAN FOR ACQUISITION AND INTEGRATION: DEVELOP THE STRATEGY, CONSIDER THE IMPACT AND DEFINE THE HANDLING OF THE UPCOMING RAPPROCHEMENT

Businesses evolve in a competitive environment. Increasingly intense competition forces companies to grow in order to survive.

Growth is a process whereby a company changes in size (quantitative) and/or in nature (qualitative).

There are two main methods of strategic development for a company:
- Internal or organic growth
- External growth or growth by acquisition

These are the two fundamental options in the development of a firm, which, in order to grow, has the choice between:
- Increasing its productive capital (organic growth)
- Taking control of assets available in other companies (external growth)

→ Organic growth, similar to the growth of a living organism, consists in developing capacities and skills internally, mainly through an investment policy aimed at acquiring new assets (machines and tools, workshops or production lines, research laboratories, patents, etc.).

Internal growth refers to a gradual and continuous development of the company, based on an increase in existing capacity or the creation of new productive or commercial capacities.

This internal growth strategy allows the company to increase its market share, while controlling its rate of development ("soft" adaptation of structures and employees), in a more general objective of sustaining the company.

As this method of development preserves the economic and financial independence of the company, it is particularly well suited to SMEs and to specialization strategies, through a policy of reinforcing or extending existing activities.

However this strategy has some major disadvantages, such as the slowness of the process or the company being excluded from certain areas of activity in which its competitors are present (high barriers to entry).

Moreover this method has limitations, in that the firm may not have the sufficient internal resources (of whatever nature) to continue to progress and innovate.

➞ External growth involves developing the company's capabilities and skills by partnering with other companies.

Specifically, this method of development allows the company to control assets that are already operational on the market and held by other firms.

	Advantages	Disadvantages	Types of firms
Internal growth	• Exploitation of a known domain in order to capitalize on accumulated experience and know-how • Maintenance of company identity • Preservation of independence • No need for reorganization or restructuring	• Vulnerability of the business in the event of a change in market conditions or market maturity • Difficulties reaching sufficient critical size • Long learning curve	• Very small businesses and family SMEs not listed on the stock exchange • Companies having opted for specialization
External growth	• Quick access to new areas of business • International development • Exploitation of synergies or complementarities • Increased market power • Reduction of competition	• High capital requirements • Problems of coordination and control of grouped activities • Cost of physical integration of activities (reorganization) • Psychological impact on the social climate • Delicate cultural and managerial integration of entities	• Large companies, global or worldwide companies • Companies having opted for diversification or vertical integration

A growth operation is therefore mechanically accompanied by a number of effects. Indeed it is initiated in anticipation of the very effects (!)—quantitative and qualitative—which are likely to affect the company in all its components and dimensions.

➞ The strategic plan for acquisition and integration: Develop the strategy, consider the impact and define the handling of the upcoming rapprochement

Following an initial phase (see below) of examining the company's present situation (internal and external contexts) and reflecting on its future, a strategic acquisition and integration plan is worked out and analysed, with an in-depth, comprehensive feasibility study of a growth project, leading the way to prospecting for potential targets (depending on their value).

The operational due diligence phase (see Act I of the play) makes it possible to quantify the potential value of the future transaction and specify the terms and context of the rapprochement in order to minimize the risks and uncertainty associated with the transaction.

According to one study, 60% of mergers and acquisitions fail in that they do not enable the acquiring firm to achieve the expected results.

Three main factors explain this mediocre performance:

- Over-optimistic forecasts of potential for value creation
- Excessive price paid
- Problems related to implementing the rapprochement.

While all three parameters offer pertinent explanations, many studies show that the latter is the most discriminating.

Thus the success or failure of acquisitions initiated for management purposes (strategic, economic, financial reasons) is mainly conditioned by management criteria (organizational, social, human or cultural criteria). Success therefore depends less on the price and strategic proximity of the acquired activities than on the way the operation is carried out after signing.

An acquisition project is transversal and multifaceted in nature: it impacts the company in its multiple dimensions: financial, legal, organizational, human resources, information systems and so on. The way it is steered is a key issue in the service of the newly formed company.

The integration plan—defined before and implemented after the transaction—seeks to consider the quantitative and qualitative magnitude of change, and how this is to be managed.

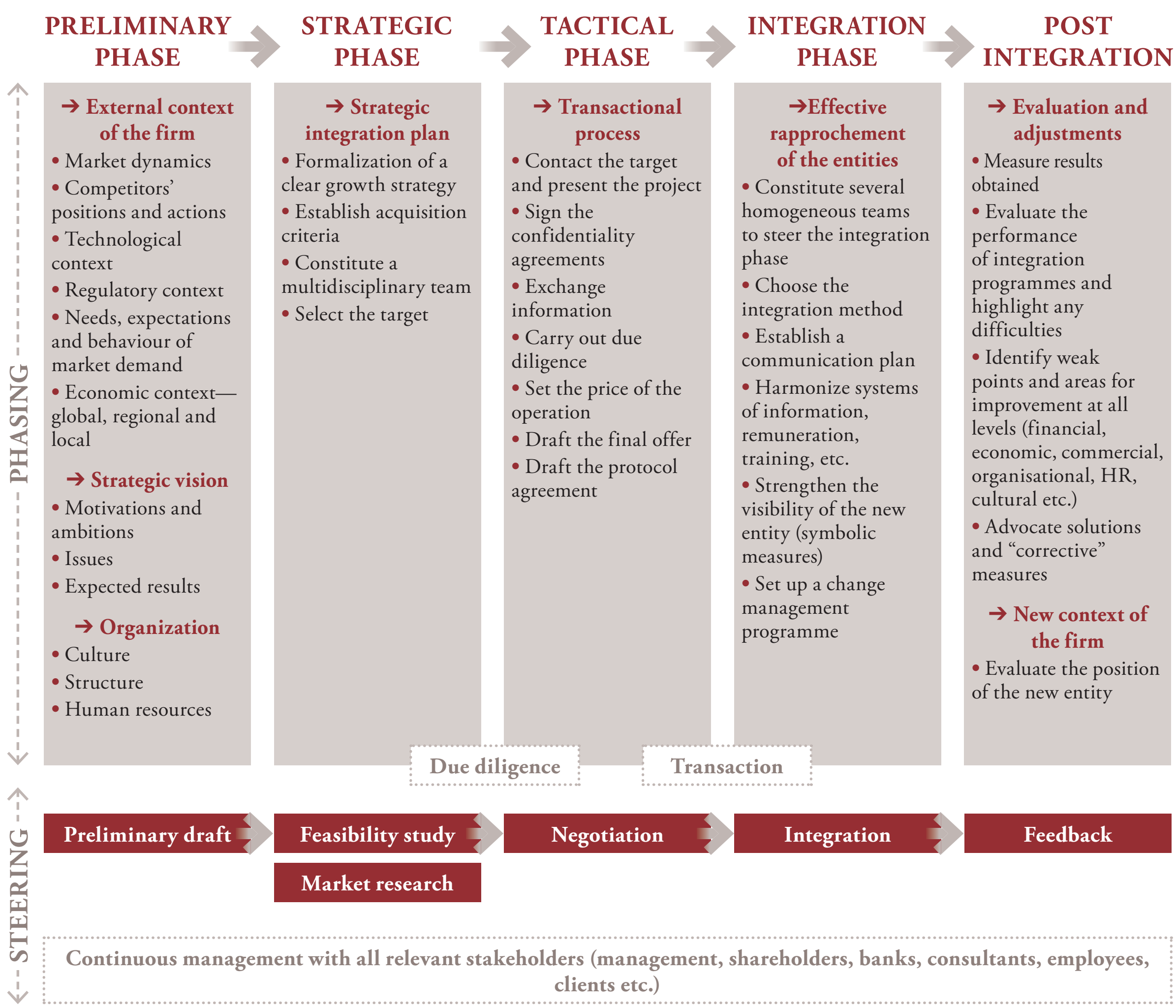
It lists the expected "mechanical" effects as well as the strategic choices to adopt (project management method, corporate culture and change management) in order to achieve the expected results.

It is an explicit formalization of

- the growth strategy
- the anticipated impact of the rapprochement (expected effects)
- the organization method to successfully complete the rapprochement (project management).

Like any anticipation exercise, it is subject to the test of subsequent events and the unpredictability of the environment both internal and external to the company.

As indicated above, it is integrated into a wider acquisition process, which can be broken down into four successive phases, followed by an additional feedback phase.



DEVELOP THE STRATEGY

Analysis of the context of the firm and motivations for implementing an external growth strategy

The success of a rapprochement operation initially resides in being able to present the project clearly, without seeking to minimize the risks of the operation.

It is therefore essential to conduct a thorough preliminary analysis of the situation of the company that is seeking to grow, in regard to both strengths and weaknesses (SWOT Analysis).

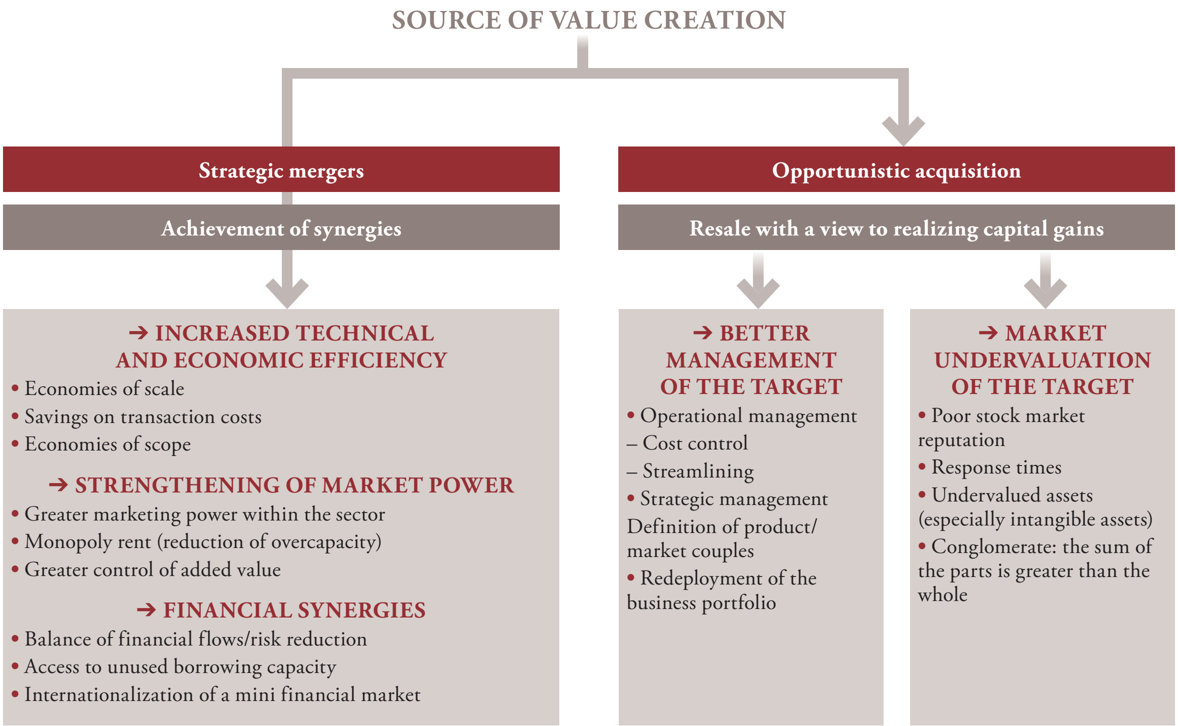
This preliminary analysis must enable the best possible evaluation of the expected contributions of the regrouping operation, to minimize the risks, while defining the methods best able to optimize the chances of its success.

Any business rapprochement can be justified by seeking to create value that will ultimately secure the future of the company.

Strictly speaking, value is created when the firm is able to realize one or more investments whose rate of return is higher than the required rate of return (the weighted average cost of capital) taking into account the risk of investment.

Nevertheless, we can add a wider definition of the term “value creation”, which is less generic and financial, and which can be seen in terms of its multifaceted dimension.

Thus, value creation can be generated and then measured in many ways: creating value can just as well be analysed, for example, in terms of increasing profitability as in terms of acquiring new market shares.



One of the major advantages of the M&A strategy is speed.

Virtually inaccessible to SMEs and companies that are too indebted, external growth is motivated by multiple objectives and even by the external constraints that the company is facing:

- To ensure a strengthened position more rapidly than through a process of organic growth, particularly in the context of rapid technological developments or the transformation of local, regional and national balances
- Provide the critical size needed to increase its bargaining power by being in a position to respond to calls for tender from large groups, utilities or governments, or to have the necessary weight with regard to suppliers
- Acquire market shares, new or complementary skills, additional means of production and better adapted distribution networks in a context of increasing competition
- Increase company profitability in response to more exacting demands from external shareholders, who may be distinct from the directors.

Company directors often emphasize the search for synergies (aimed at creating value) of two different kinds:

- Economic synergies
  - Cost reductions
  - Decrease in external charges
  - Economies of scale
- Financial synergies
  - Increased debt capacity
  - Higher valuation

All these motivations can either be found:

- in a defensive context, in response to market movements
- (e.g. preventing the acquisition of a competitor by a third-party competitor in order to maintain or strengthen the position of the company in its market)
- or else in an imposed context
- (saturation or opening up of the market, changes in the legislative or regulatory environment, globalization, etc.).

Lastly, these motivations can also relate to the characteristics of the company: its size, its scope of business, the nature of its activities, its market position, its technical skills and the nature of its products, etc.

The search for particular objectives, as we can see, somehow conditions all or a part of the effects induced by a growth operation.

Choice of external growth strategy

The development project—necessarily defined (and clearly so, if possible) upstream—is primarily a function of the company's position in its market, with regard to its competitors, in terms of its relations with suppliers, and taking account of the space-time factor.

It determines the strategy to be adopted. Four types of rapprochement can thus be identified, each with a different degree of proximity between the firms to be regrouped and the position sought by the direction of the new ensemble to be created.

Horizontal growth operation

- the combined activities are at the same stage of the production chain
- the companies concerned are competing

→ (re)focusing on the company's core know-how

Vertical Integration Operation

- downstream integration: purchase of a customer or a distributor
- upstream integration: acquisition of a supplier or subcontractor

Diversification or conglomerate operation

This allows the grouping of activities belonging to different sectors (the target's business being unrelated to that of the company) and thus implementing a diversification strategy in terms of products and markets.

The approach is therefore strategic
- diversification of assets
- search for leverage (acquisition of skills and expertise, for example).

Diagonal or concentric operation
This involves regrouping companies belonging to different sectors but whose activities have links or similarities in technical or commercial terms, which in the long term allows for the pooling of costs and/or know-how.

Moreover, motivations evolve during the life of the company, where certain strategies tend to be favoured (without excluding others):

Development phase
→ Integration strategy

Maturity phase
Horizontal growth or integration with a view to
- absorbing competitors
- reducing costs

Decline phase
→ Diversification strategy to identify growth drivers

Choice of rapprochement method

An external growth operation can be carried out under various legal and financial conditions: partnership, acquisition or merger.

Partnership or backing agreement (no purchase or exchange of shares)
This agreement, which covers various fields of collaboration, may be a prerequisite for more intimate ties between the ownership relations of two structures.

In the specific case of affiliation, it is a question of an entrepreneur finding an answer to the issue of the development of his or her organization, whatever the motivation, relying on another company to ensure its growth.

This solution means abandoning certain prerogatives to focus on preferences in terms of know-how, in order to continue to progress.

The mergers or takeovers of target companies are carried out, in terms of capital, in two main ways:
- purchase of shares in the target company
- exchange of shares.

Acquisition (purchase of shares)
Purchase of an asset or a business
- partial acquisition
  - acquisition of a controlling interest
  - acquisition of minority interests full acquisition
- total acquisition.

Financially, the purchase is understood as the act, carried out by a natural or legal person, to obtain from another person a good or a service against the payment of a sum of money (exchange of liquidity).

LBO (leveraged buy-out) is a particular acquisition method. It is a business buy-back transaction in which a significant portion of the purchase price is financed by debt.

A holding company is formed that incurs debt to buy an enterprise whose cash surpluses will be regularly recovered by the holding via dividends in order to enable it to pay interest on its debt and to repay it.

LBO is often a solution to a family succession or the transfer of a division by a Group. It may also allow a company to be taken off the stock market when it is poorly valued. An LBO is realized with the current management or with a new management team and is financed in equity by specialized funds. The arrangement is based on debts with different repayment priorities (senior, junior or subordinated debts, mezzanine debts) with an accompanying rise in risks and remuneration.

Merger (exchange of shares)

Financially, the merger transactions are analysed as the sale followed by an increase in capital of the acquiring company reserved for the shareholders of the ceded company.

These transactions may take place according to different legal and financial arrangements:

- fusion stricto sensu

  Two companies join together, in general one absorbing the other.

  An absorption merger is the classic form of merger operation.

  After an absorption merger, the absorbing company remains, whereas the absorbed company disappears, all its assets and liabilities having been taken over by the absorbing company.

  At the end of a creation-merger, both companies disappear in favour of a new third structure.

- Contribution of securities

  An investor (natural or legal person) brings shares of company B to company A and receives remuneration for the shares in company A.

  In this event, companies A and B subsist, B becoming a subsidiary of A, the shareholders of B becoming shareholders of A.

  For publicly traded companies, securities are most often tendered in the form of a public exchange offer (PEO)

- Partial asset contribution

  A partial asset contribution is a transaction by which company B contributes part of its assets (and liabilities) to company A, and receives in exchange securities issued by A, B becoming shareholder of A.

  The decision can only result from the statutes and deliberations of an extraordinary general meeting

  While the economic significance of merger and transfer is similar, the merger does not involve any exchange of liquidity, except for the existence of a marginal cash payment.

  The merger of two companies is particularly suited to companies seeking to set up operations abroad and having a strong need to capitalize on a brand.

CONSIDER THE IMPACT

The object, at this stage, is to consider the mechanical effects of a rapprochement (external growth operation), knowing that the rapprochement process itself, just like the choice of operation structuring, will influence the consequences, both quantitative and qualitative. Consequently, the effects linked to the complexification of the system will have to be identified (see set and Act III).

Company cycle	Phase of maturity →	Phase of development ↗		Phase of decline ↘
Growth strategies	Horizontal growth	Vertical growth		Diversification
		• Upstream integration • (Suppliers)	• Downstream integration • (Customers)	
Methods of rapprochement	• The choice of rapprochement method depends on • the investment capacity (cash or debt capacity) of the acquiring company • the tax implications (for the acquiring company) and economic considerations (particularly for shareholders)			
	• Acquisition (available liquidity and debt capacity) • Merger	• Acquisition (available liquidity and debt capacity) • Merger		• Acquisition (available liquidity and debt capacity) • Merger
The mechanical effects of an external growth operation				
On fundamentals	• Change in financial balance • Increase in turnover • Possible increase in indebtedness • Transaction costs (related to the whole rapprochement process)			
On the organization, business and activities	• Increase in size of the company • Transformation of its structure • Coexistence of several processes, standards, rules, information systems, management systems, social steering • Diversification of markets covered by the company; addition of new business • Extension of the portfolio of business and products • Presence in new sectors, segments and territories • Coexistence of multiple projects			
On the vision, strategy, culture and values	• Cultural inputs impacting the company’s culture of origin, as well as its history • Coexistence of several visions, missions and value systems • Cohabitation of several identities (logos, visual identity, taglines, etc.)			
On the men and women	• Mechanical increase in the workforce • Emergence of new needs • Appearance of redundant skills and posts • Layoffs and recruitment of new employees, or even new skills, to accompany the change of scale			

DEFINE THE HANDLING OF THE COMING RAPPROCHEMENT

It involves piloting each stage of the acquisition process, from the first draft to integration.

This requires:
- making strategic and tactical choices
- creating a multidisciplinary team (or several teams) to carry out the entire acquisition process (strategic and tactical phases) and then in practical terms driving change (integration and post-integration phase)
- defining the steps and pace of the process
- identifying and assigning tasks and objectives
- setting up indicators and instruments for monitoring and achievement
- creating the conditions for collaboration between the various integration stakeholders as part of an integrated method of organization. This is done in order to promote smooth and regular information exchanges and to authorize the necessary adjustments.

Once the transaction is completed, the integration plan is deployed. The result of the rapprochement, i.e. the achievement of expected synergies and the creation of value, depends on the quality of its execution and steering.

It is a particularly complex process that involves management but also the employees in order to take advantage of cultural differences between the various entities to create a new functional and homogeneous whole.

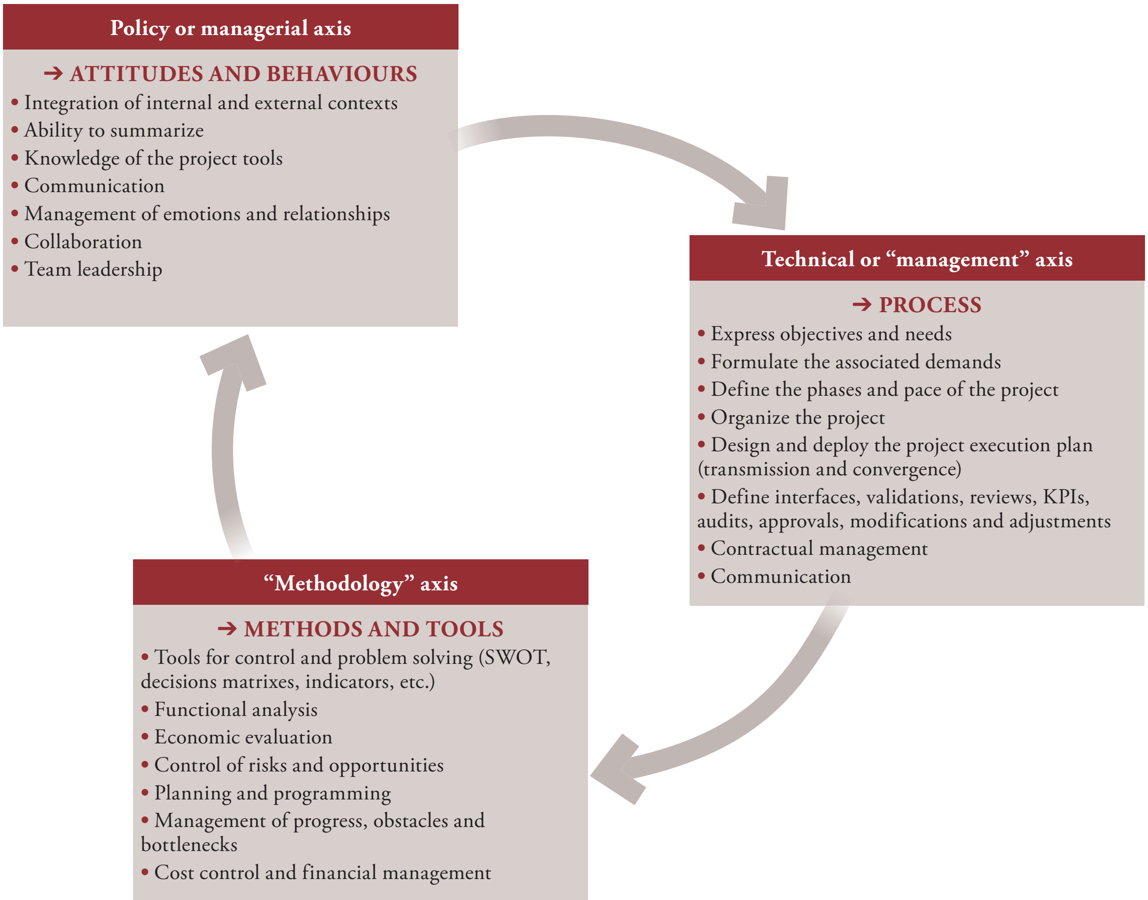
It is also a phase that is difficult to grasp a priori.

The “project method” approach makes it possible to:
- adapt the organization to cross-functional management to respond to the complexity of structures
- compose a new, coherent whole from each corporate culture to take advantage of the wealth of the different entities
- ensure agile management of the transformation of the company.

To create the conditions for adherence and remove potential obstacles, the commitment of the greatest number and the involvement of employees from both entities (buyer and target) in steering change is decisive.

The management of the project can be considered in a global manner and constructed according to three main axes:
- a policy or managerial axis based on behavioural dimensions (individual and relational) and taking into account the culture of the different entities
- a technical or “administrative” axis based on “process” dimensions
- a methodology axis based on methods and tools.

Systemic and globalized approach to integration project management



Source: Inspired by the work of PAM-O-COST of the École Centrale

A systemic approach of this kind makes it possible to understand the organization (and its environment) and the change process in all its complexity, and to integrate the interconnection and interdependence of the constituent parameters.

ACT II

THE CONDITIONS FOR CREATING VALUE: DEFINE THE RIGHT PRICE, CONSIDER THE MECHANICAL EFFECTS OF RAPPROCHEMENT AND PREPARE THE INTEGRATION

Conference rooms of the company West & Co. and of Long Island Bank.
One type of set: a table, a few chairs, a keyboard, a flat screen and a telephone.

The scenes take place successively in the two rooms.
The set remains identical, except for the logo projected on a screen visible by the spectators, which changes from one company logo to another.

West & Co.: proposed acquirer
Lucy Saint-Charles (CEO of West & Co.)
Peter Flemming (CFO of West & Co.)
Paul Black (HR Director of West & Co.)
A few "anonymous" actors dotted around the audience

Long Island Bank: investment bank specializing in the sale and acquisition of companies
Mark Jenkins (banker)

H.M. Group: the target
Henri Ménard (CEO of the H.M. Group, transferor)

SCENE 1

Conference room at the offices of West & Co.
West & Co. logo.
Lucy is on the phone.

LUCY. – Peter, we're going to have to schedule our next ExCom sooner.
[*Pause*]
We need to work on the price and structuring of the deal. We could see the seller again next week.
[*Pause*]
Can we meet up this afternoon? Would that suit you?
[*Pause*]
OK perfect. Can you find out if Paul's free too? I'd also like to sort out the human aspects.
[*Pause*]
Thank you. I'll wait for confirmation. Till then, take a look at the latest figures I've just sent you.
[*Pause*]
See you later.
Blackout.

SCENE 2

Conference room.
West & Co. logo.
Lucy, Peter and Paul (members of the ExCom) are talking together, while consulting the documents in front of them.

LUCY. – You’re right, Peter. Paying the right price is a major component of the value that we’ll be able to generate once the two entities are brought together. Our shareholders will be uncompromising on this point, I know.

[*She gets up and walks around for a few moments without speaking.*]

PAUL. – Let me remind you: West, 20,000 employees. H.M., 18,000. This is the first time that we’ll be faced with integration of this kind. The price also has to take into account the anticipated cost of the operation. We have to add the restructuring costs: visible costs related to hiring but above all to redundancies, moving expenses, the cost of setting up and relocating the teams and equipment, and any training costs. And all the invisible costs, that are harder to estimate, such as the potential and temporary loss of productivity of the teams, the time it will take people to find their bearings … It’ll take at least three years. The success of the rapprochement depends on our ability to steer the integration phase.

PETER. – Just as a reminder, Paul: the first reason why mergers and acquisitions fail relates to financing the takeover. If our valuation is excessive, and we pay too high an access cost, we’ll undermine the chances of the operation being a success. We can’t afford to take the slightest risk. Otherwise, the door is open to a frantic search for profitability.

PAUL. – Which would put extra pressure on the whole staff, who will already be quite perturbed by the buyout. I fully understand your point, Peter. But we must also be able to generate the right level of adherence and mobilization as quickly as possible.

LUCY. – Exactly: managing the rapprochement effectively is the challenge. Regardless of the acquisition price, if we fail at this stage of the process, I mean if we fail to properly bring together the two groups, there will be no value creation.
As always, it’s crucial to choose people who are capable of supporting the process. The project teams we’ve set up will be in great demand in the coming months.

PAUL. – The team in charge of the integration process is already all set to go. We’re just waiting for the green light to get started.

LUCY. – Fine. For now, our goal is to clinch this deal. And to agree on our price offer. As always, part of the evaluation will be uncertain, however precise our calculations and forecasts are. Let’s try to be as accurate as possible in estimating the present value of the H.M. Group and the future value of the newly combined Group.

PETER. – The good news is that the financial context is fairly favourable. Rates are at their lowest. Our bargaining power with partner banks is high, given that the assets of both groups are particularly strong. If we opt for share purchase, we can double our existing debt capacity, without jeopardizing the balance of our fundamentals. Beyond that, we'd be putting ourselves in a risky position.

LUCY. – This operation is very much in line with the strategic thinking that we initiated five years ago. It allows us to take advantage of a real opportunity for international growth.

PETER. – At first glance, a lot of improvements can be made …

LUCY. – Absolutely. It will be possible to create value not only by achieving many synergies but also—I agree with you Peter—by applying our management principles to the target. I think we should be able to significantly improve operational management through a series of corrective actions. Mechanically, this should release a lot of value, including raising the profitability of the target, and eventually of the newly combined Group.

PAUL. – This will involve several restructuring operations. Lucy, would we stick to our line of conduct? Respect and valorization of the characteristics of H.M. so as to capitalize on what made its success?

LUCY. – Absolutely. And as always, the emphasis is on searching for a high level of competitiveness and profitability. This is the condition set by West's shareholders for supporting us in this new acquisition. It's also what makes the operation meaningful.

PETER. – Several costs could be reduced and quite a lot of operational processes could be optimized.

PAUL. – From what I've seen, we could also simplify the administrative structure. Lucy, what do you think about linking their core businesses in Europe, Asia, Africa and the Middle East to our holding company?

LUCY. – It's a good idea. It's less clear for their business in the United States. We'll have to see.

PETER. – Some of their subsidiaries are in deficit, particularly in Africa and the Middle East. I share your view, Paul: some restructuring will have to be done. Lucy, do you know what the board is asking for in terms of improving the fundamentals?

LUCY. – Based on our latest discussions, operating profitability will have to be significantly improved. I think our directors would be satisfied if we were able to raise EBITDA to 10% of turnover at the end of the first year. It's ambitious, but realistic. What do you think?

PETER. – It is possible, yes, with the right decisions. The expected synergies will have to be exploited quickly.

LUCY. – Right. The point that concerns me more for the moment is cash management. With the rapprochement, the debt of the combined Group will grow, mechanically. We'll need to maintain sufficient financial capacity to develop the business and finance our working capital requirements.

PETER. – New diversified financing is possible. We could also consider extending the maturity of the debt. Our banking partners are open to discussion.

LUCY. – Sound management of our liquidity risk is crucial. All options must be considered. Some solutions involve banking. Others will be found by optimizing the management of subsidiaries.

PETER. – Absolutely. This is what I've put together.

[*Peter hands a paper to Lucy and Paul.*]

LUCY. – Thank you. Based on all these elements, what do you think is the right price?

PETER. – Given the expected economies of scale and synergies, future consolidated revenue, projected EBITDA, restructuring and integration costs, I believe our offer should be in the range of 5. 5 to 6 billion euros. Beyond that, we run the risk of the operation being unprofitable.

PAUL. – Structuring the deal is another key element.

LUCY. – Absolutely. To avoid putting more stress on cash, it's important to realize part of the acquisition as an exchange of shares. The board is favourable to a purchase partly in cash and partly in shares. 50/50.

PETER. – That's the assumption I've been working on. With an exchange of shares for 50% of the value of H.M. we considerably reduce our need for cash at the time of the transaction. And it's crucial to maintain enough cash to manage our day-to-day operations.

LUCY. – All right. I suggest we leave it there for today. I'll be seeing the board members tomorrow to take stock of the latest developments in the project and I'll present our price offer. I'll get back to you right afterwards.

Peter and Paul get up and leave the room.
Blackout.

SCENE 3

Lucy is standing in front of the audience, who act as the board members. On a screen, facing the audience, the West & Co. logo is displayed.

LUCY. – Ladies and gentlemen, as you know, West has been engaged in a process of rapprochement with the H.M. Group for the past month. This project is part of an external growth strategy aimed at finding new outlets for our products, particularly in the African and Asian markets where the West Group is still under-represented.
Beyond this vertical growth, the acquisition of the H.M. Group will allow us to diversify our portfolio of activities more horizontally, but also to significantly strengthen our research capabilities.

ACTOR. – [*Seated in the room, in the audience*] What sources of value creation have you identified?

LUCY. – Value creation will mainly be generated by achieving numerous synergies: commercial, operational and financial. In concrete terms: the optimization of distribution channels, reinforced sales teams, economies of scale in our joint activities, and greater control of our raw material costs.
We should also have unused borrowing capacity that will enable us to finance not only the purchase of 50% of the H.M. shares, but also to consider new investments and guarantee our working capital requirements. I'm paying close attention to this last point. Rigorous cash management is fundamental. It is the guarantee of our long-term financial health, the return on invested capital and our ability to repay our debts. Our survival and future growth depend on it. As in the past, I am determined to promote a virtuous mode of management that combines ambition and security.

ACTOR. – [*Seated in the room, in the audience*] What do you estimate as the horizon for the return on investment?

LUCY. – This is a very large-scale operation for the West Group, the first of its kind. We plan to conduct the change strategy over three years. The return on investment should be visible at the end of the fourth year following the date of the transaction … and the profitability of the company should improve significantly. For all forecasts, I refer you to the tables on page 123 of the document that was given to you.
Clearly, the purchase of the H.M. Group will allow us to give rapid and significant impetus to the development of West. In this way, we will achieve the critical size we need to become the number one in industrial services within two to three years.
Details of the financial and legal package can be found in chapter two, on page 60.
Are there any questions?

ACTOR. – [*Seated in the room, in the audience*] What are the expected mechanical effects?

LUCY. – There are many, as you can imagine. It's important to identify them as early as possible. In addition to almost doubling the size of the company in terms of headcount,

we anticipate a transformation of its structure, an extension of the portfolio of activities and products, and a global presence.
In particular, we will need to familiarize ourselves with new standards, regulations and legislation, particularly in the African market. We will have to pay particular attention to the human impact.
At the risk of repeating myself, this is the key element of the success of the rapprochement. Cultural and managerial integration will require time, respect and listening to people. Ultimately, I see a definite mutual enrichment.

ACTOR. – [*Seated in the room, in the audience*] Lucy, what do you see as the biggest challenge facing the West Group?

LUCY. – Clearly, the integration period will be key … as will cash management. I repeat: generating liquidity is a categorical imperative, an unavoidable requirement. All the executives of our subsidiaries and the H.M. Group companies must adhere to this.
The multidisciplinary team in charge of designing and drafting the integration plan has done considerable work in recent weeks. Bringing the two groups together into one that is both homogeneous and respectful of the cultures of the different entities is a major challenge.

ACTOR. – [*Seated in the room, in the audience*] The purchase price you advocate takes into account your estimate of the value of the H.M. Group but also the cost of integration. How confident are you about the acceptance of your offer by Henri Ménard?

LUCY. – Very. And time is on our side. Henri Ménard is an elderly gentleman who is looking to sell his business to a buyer with whom he sees a community of interests and culture.
On the basis of our previous exchanges and meetings, it seems that we have a lot in common. That’s why Menard showed preference for the West Group so quickly. I’m confident.
[*Pause*]
Ladies and gentlemen, if you have no further questions, I propose that we proceed to the vote. All in favour of the proposed acquisition plan?
[*She raises her hand at the same time and counts the hands raised with her finger.*]
The acquisition and integration plan is hereby adopted unanimously. Thank you. The meeting is adjourned.

Blackout.

SCENE 4

Lucy, Peter and Paul are in the conference room.
On a screen, facing the audience, the West & Co. logo is displayed.

PAUL. – [*He hands a document to Lucy and Peter*] The latest version of the integration plan.

PETER. – Many changes compared to the last version?

PAUL. – No. Just a few marginal adjustments. It presents the communication plan, the process of bringing the two entities together at all levels. As always, the idea is to anticipate the effects of integration as well as possible and to retain all the necessary agility to adapt as we move closer together.

LUCY. – Perfect. I'd like to review the steps and the pace of the integration process one last time before our meeting with Henri Ménard.
Paul, did you make a summary table of the follow-up and success indicators as discussed?

PAUL. – Yes, it's on page 47.

LUCY. – [*She leafs through the document and takes the time to read page 47*] That seems very good to me. If Henri Ménard accepts our offer next week, the legal department will go on to draft the final offer and the memorandum of understanding. Things will accelerate as soon as we sign the deal. We have to be poised to launch the first step in communication, in-house and to the market once we have closure. I really want everyone to receive the right level of information in a timely manner. Is everything in order?

PAUL. – I still have some language elements to fine-tune, but the communication plan is all set.

LUCY. – OK. Peter, I'd like to go over the figures with you one last time. Negotiations could be tight. I'd like to monitor the impact of a price change of a few percentage points on the overall financial indicators.

PETER. – I'm ready when you are!

LUCY. – We'll spend an hour on it. Next step: the bargaining!

Blackout.

SCENE 5

The conference room of Long Island Bank.
Those present are Mark Jenkins (Long Island Bank), Henri Ménard (H.M. Group), Lucy, Peter and Paul (West & Co.). Everyone greets each other.
On a screen, facing the audience, the Long Island Bank logo is displayed.

MARK. – Ladies and gentlemen, please take your seats. We'll get started.
The objective of this meeting is to enable you to reconcile your respective business plans in order to reach an agreement on the price and on the financial and legal arrangement. Mrs Saint-Charles, would you like to present your offer?

LUCY. – Mark, Mr Ménard. The West Group executives and their board have conducted an assessment of the H.M. Group on the basis of all the information you have provided to us.
Following our analysis, we would like to make the following offer: the proposed price for the acquisition of the H.M. Group is 5.2 billion euros. Half of this price will be paid in cash, the other half by exchange of shares.

MÉNARD. – I will come back to the price itself in a few moments. Could you explain the reason why the West Group that you manage Mrs Saint-Charles is proposing, in part, an exchange of shares?

LUCY. – As you know, Mr Ménard, cash management is a decisive factor. Without optimized management of our cash flow, we weaken our day-to-day operations and reduce our ability to adapt to market fluctuations and opportunities. To optimize integration of the H.M. Group, it is essential to maintain a significant margin for action. And also, through the exchange of shares, you are associated with the success of the newly combined Group.

MÉNARD. – As far as the price is concerned, your offer is below the present value of the H.M. Group. And this is without counting on the surplus value that will be created when the synergies are implemented.

LUCY. – Our price takes this into account. In the same way, it incorporates the multiple and varied costs associated with integration itself.

MÉNARD. – At that price, we are not prepared to sell.

LUCY. – I understand, Mr Ménard. And I can imagine how difficult it is to let go of the Group you founded and grew successfully.
For my part, what is particularly important is having the means to make this rapprochement a success. You know as well as I do how this kind of operation can, momentarily, weaken the teams and structures. Before being able to make sure that "1 + 1 = 3", we will probably go through a somewhat difficult period. The West Group cannot afford to jeopardize all our organizations by paying an overestimated price.

MÉNARD. – And you will understand that I have no intention of selling off my business at a low price.

LUCY. – I understand that. Just as I can measure the emotional weight it represents for you. Our goal, Mr Ménard, is not to reconcile the irreconcilable. Our objective today is to agree on the right price, the one at which West Group will have the future means to make the new Group number one in its sector and one that will allow you to pass on your company in a … calm and serene state of mind.

MÉNARD. – [*Taking time to reflect*] What is your price, Mrs Saint-Charles?

LUCY. – [*After a discreet exchange with Peter*] I am prepared to make the following proposal: 5.5 billion euros, with 55% share exchange.

MÉNARD. – That is not enough!

MARK. – Mr Ménard: I would like to outline some of the valuation items and share with you, once again, the amounts that have been concluded for a number of similar transactions over the past 18 months. Look. [*He shows Henri Ménard a document*]

MÉNARD. – This operation saves you at least 10 years, Mrs Saint-Charles. You know as well as I do that the barriers to entering emerging markets are high. If you acquire H.M. you have an immediate presence in territories and markets that we have spent many years penetrating and developing. Your valuation does not take sufficient account of this time factor. Not to mention the legal wrangling you would be spared!

LUCY. – We are aware of the timesaving factors and the issues of speed and simplicity. They are the main advantages of this growth operation. Please be assured that we have taken great care in developing these elements. This is refelected in our price proposal.

MÉNARD. – Mrs Saint-Charles: I do not wish to bargain like a carpet dealer. But I intend to relinquish my Group at its rightful value.

LUCY. – And my intention is also to acquire it at its rightful value.

MARK. – Madam, Sir, I do not need to remind you of the fact that price and value are sometimes two distinct givens. Do you think we can reach an agreement today?

LUCY. – Mr Ménard. If you are ready to conclude today, I am prepared to offer you 5.7 billion euros for the acquisition of the H.M. Group: 57% payable in shares, the balance in cash. My offer is valid for today.

MÉNARD. – [*Takes time for reflection, then gets up and approaches Lucy, holding out his hand*] It's a deal!

Blackout.

SCENE 6

Lucy, Peter and Paul are in the conference room at West & Co.
On a screen, facing the audience, the West & Co. logo is displayed.

PETER. – Champagne! Bravo Lucy. It was a good negotiation.

PAUL. – It went very quickly. Surprising for an agreement of this magnitude. Ménard was eager to sell quickly. Plus, I believe he's convinced of the cultural proximity of our two groups. This is a good omen for integration.

LUCY. – On paper, I agree with you, Paul. But I remain cautious. There is a difference between what Menard says about the culture of his Group and what remains to be discovered on the ground. And he's a charismatic boss. Many of his collaborators may they would only find it hard if they didn't like him mourn the end of his leadership.

PETER. – The memorandum of understanding will be finalized next week.

PAUL. – Which means we implement the communication plan at the same time.

LUCY. – Paul, can you please arrange a meeting with the team in charge of the transition? The sooner the better.

PAUL. – I'll take care of it

LUCY. – I'd like to go over the various points of the integration process together. You know as well as I do that the outcome of the rapprochement depends on the quality of the execution and steering of the plan. And the care we take in managing the transition for all our employees.

PAUL. – As in the past, we have planned to work in project mode. This will allow us to set up transversal management. The structures in the rapprochement are not only numerous, their complexity is particularly complex. A systematic approach is best suited.

PETER. – It's important to create coherence at all levels.

LUCY. – From the cultural point of view, it's a real challenge. I want us to ensure that we have the means to take advantage of the wealth of the different entities. And that we preserve our agility.

PAUL. – Obstacles of all sorts are bound to arise.

LUCY. – That's normal. By definition any change is accompanied by resistance. We must create the conditions for the adhesion of the greatest number. This means involving the employees of both entities. A clear and inspiring vision, an ambitious project, embodied values … and a lot of respect and trust.

PAUL. – The two visions will coexist. Like the two histories.

LUCY . – As in the past, I really want to respect and value the very characteristics that made H.M.'s success. Our joint history remains to be written.

PETER. – The road will be full of ups and downs.

LUCY. – No operation of this type is without risks. Success is not certain, any more than failure, moreover. I put my faith in the quality of our preparation, and our integration plan. And above all, in the intelligence of the men and women who work for West and H.M. Their passion, as well as their doubts. Their will to participate in a rewarding adventure in which we all have an opportunity to grow together.

Blackout.

SET 3
THE RISKS OF GROWTH: PERVERSE EFFECTS AND THREATS

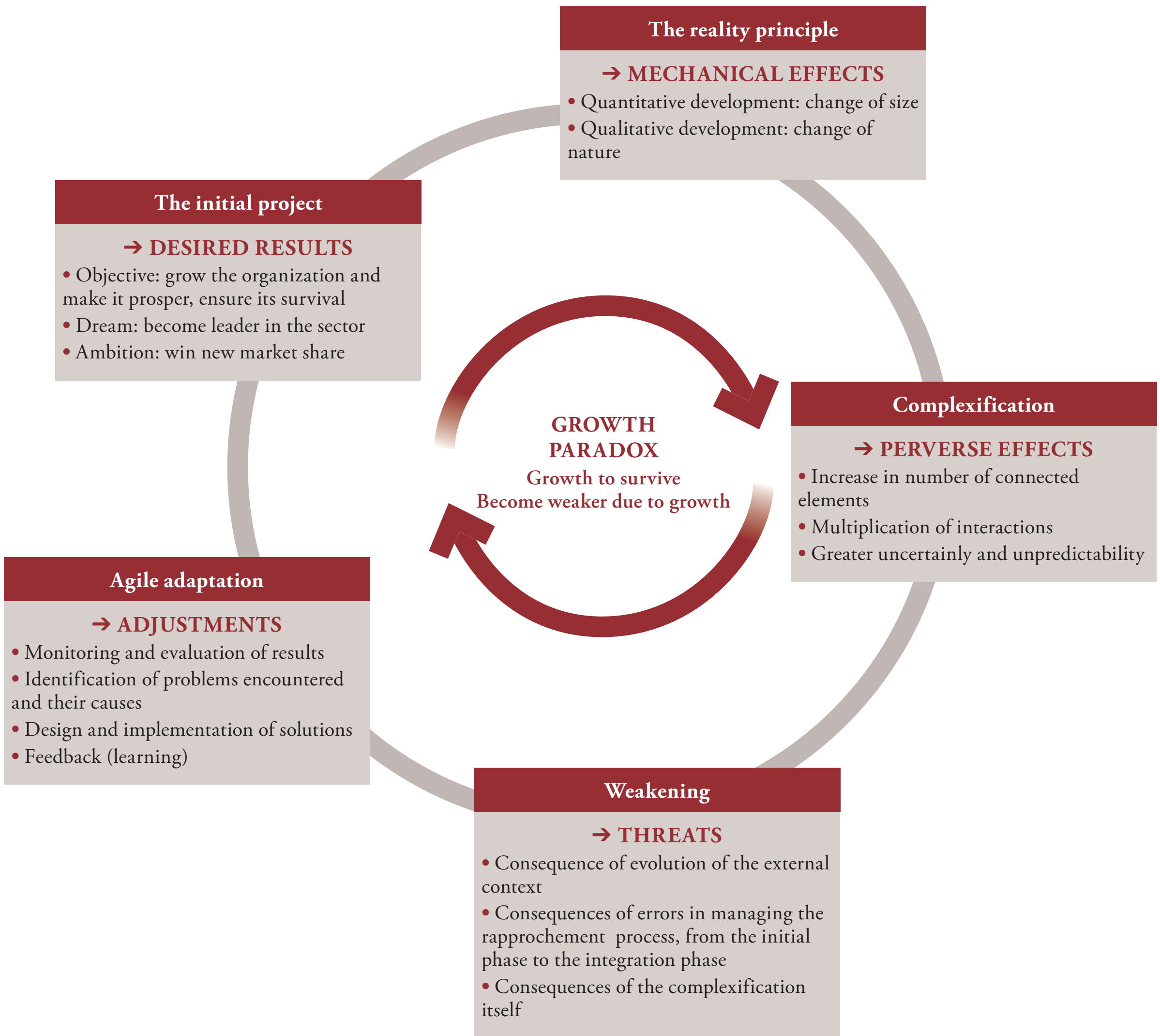
It must be considered that there is nothing more difficult
to carry out nor more doubtful of success nor more dangerous
to handle than to initiate a new order of things;
for the reformer has enemies in all those who profit by the old order,
and only lukewarm defenders in all those who would profit
by the new order.
Machiavelli

Organizations evolve in environments now referred to as VUCA: volatile, uncertain, complex and ambiguous. These environments are fraught with tensions, subjecting companies to many dilemmas, difficult choices and conflicting demands, which, when pursued jointly, lead to what can only be called paradoxes. By rethinking these tensions beyond the search for a simple or even oversimplified solution it is possible to grasp a problematic in all its subtlety, rather than yield to the simplistic temptation of a single, unequivocal and somewhat rigid response.

As mentioned earlier, growth is a process whereby a company changes in size (quantitative) and/or in nature (qualitative).

It contains a paradox, known as the "growth paradox", produced, in particular, by the complexification which every growth operation entails, and which can be expressed as follows: the company has to grow to survive, yet this growth weakens it to the point of threatening its survival.

Impact of an external growth operation on an organization



Indeed, from a systemic point of view, the more complex a system, the more fragile it is.

PERVERSE EFFECTS OF GROWTH: COMPLEXIFICATION

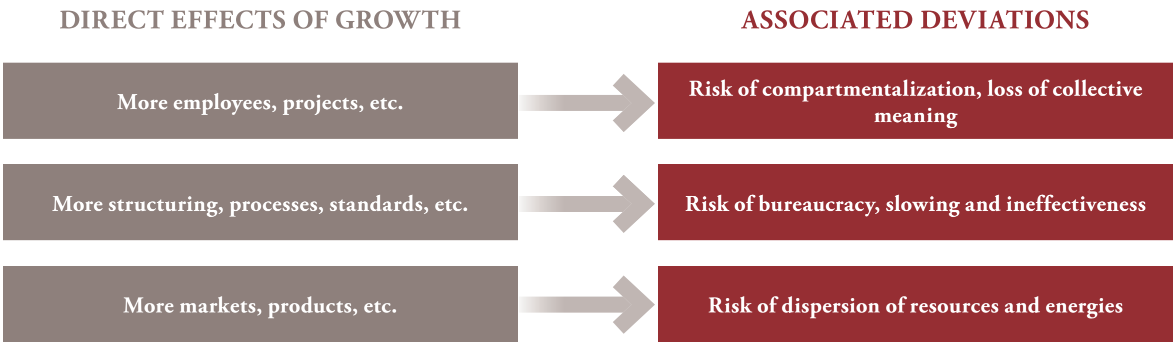
Complexification is a consequence of growth, mechanically expressed as quantitative development (increased organizational dimension) and qualitative development (change in nature).

It is also the main threat to its success.

Increased complexity results in particular from:
- extending the portfolio of activities and products
- diversifying the markets covered by the company
- recruiting new employees or even new skills to accompany the change of scale
- structuring the organization itself.

This can lead to associated deviations that handicap the company's responsiveness to external perturbations:
- a certain dilution of the common goal and collective action
- a relative distancing from the head office and the field
- increased organizational complexity, manifested in particular by a stacking of procedures and processes, leading to increased bureaucracy and inertia
- a mechanical dispersion of efforts and resources.

These effects are summarized in the following diagram:



Numerous studies show that these deviations are associated with growth, and that they stand as obstacles to growth.

Two categories of obstacles to growth can be identified:
- External obstacles
  - Lack of attractive growth opportunities
  - Difficult economic context (crisis, uncertain or volatile geopolitical contexts, etc.)
  - Financial environment (dissuasive rates, more difficult access to credit, etc.)
- Internal obstacles
  - Those related to a lack of attractive growth opportunities
  - Those related to the company's inability to generate organic growth
  - Insufficient preparation
  - Inadequate management of the acquisition operation
  - Those related to the complexification of the organization itself.

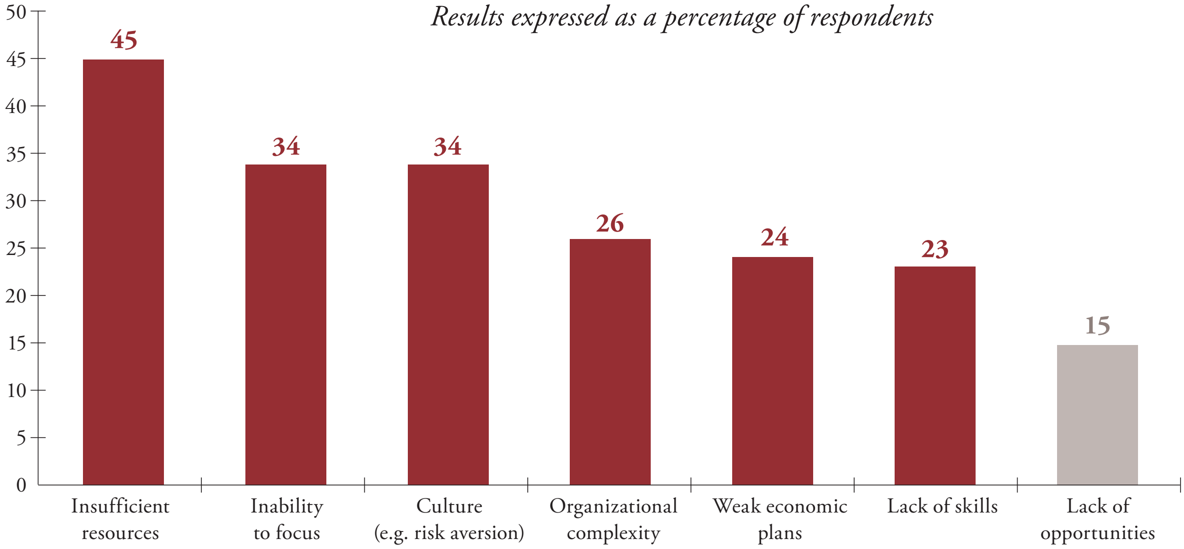
80% of decline in the market value of companies occurs in three types of crisis:
- Overload
- The company experiences rapid and significant growth
- Stall-out (caller)

- The company's growth loses momentum
- Free fall
- The company's business model is out-dated and declines rapidly.

85% of executives of companies with a high turnover (similar to that of the Altrad Group) who were questioned attributed internal rather than external obstacles to the causes of slowdown or lack of growth.

What are the main obstacles to internal or external growth?

Results expressed as a percentage of respondents



Insufficient resources

Any growth operation is resource intensive, whether financial, technical or human. The means available are not always correctly evaluated a priori, or else the needs are amplified at the end of the reconciliation operation, for example under the effect of new external factors. Time can also be seen as a resource: time-consuming integration processes can sometimes conflict with demands for return on investment at a different pace. Added to this is the difficulty of mobilizing existing resources that do not always welcome the growth operation, or the departure of key people who the company has not succeeded in retaining.

The attention paid by the Altrad Group to the integration process is a way of limiting the effects of a relative dwindling of resources.

Inability to concentrate (i.e. maintain a principal activity, a single core business)

This is the dispersion effect that can accompany a growth operation, particularly an external growth operation. New activities, new markets, new sectors, new customers … can be resource-intensive. In the absence of proven synergies, the lack of economies of scale as anticipated can result in a multiplication of cost centres and some dilution of strategy.

Culture

Risk aversion, the resistance that accompanies any change, the difficulties of integration and/or the coexistence of different cultures are all potential obstacles to growth. From this point of view, the Altrad Group’s preference for respecting the culture of new entrants and capitalizing on the richness of such diversity is a satisfactory and effective response to the difficulties of integration. Nevertheless, integration is never declared (the injunction “integrate”, like many injunctions, is mostly ineffective): it presupposes that the common project is clearly set out, that it elicits the adhesion of the greatest number and that the bearers of the message are recognized and appreciated.

Organizational complexity

A growth operation generates complexity, in that the perimeter of the system and its content change: the number of internal elements, whether human, material, geographical, legal, financial or conceptual, increases mechanically (quantitative aspect), as do the number of relations between the different elements. Their nature (qualitative aspect) may also change. This results in increased complexity, hence greater unpredictability and uncertainty. In addition, reporting needs change; organizational modalities need to be adapted to a different organization in size and nature, resulting in a complication of the system as a whole, with intermediate “layers” added to existing levels. By maintaining a relatively simple organizational structure (matrix structure, limited holding structure, progress units, etc.) and one that is flexible, the Altrad Group allows faster integration of acquired companies and avoids a multiplication of organizational systems that can lead to complexity.

Weak economic plans

Detailed thinking does not always precede seizing a growth opportunity. The arrival of a new company in a Group may somewhat distort the vocation of the acquiring Group, whose business model or economic model is thus weakened, obscured or blurred.

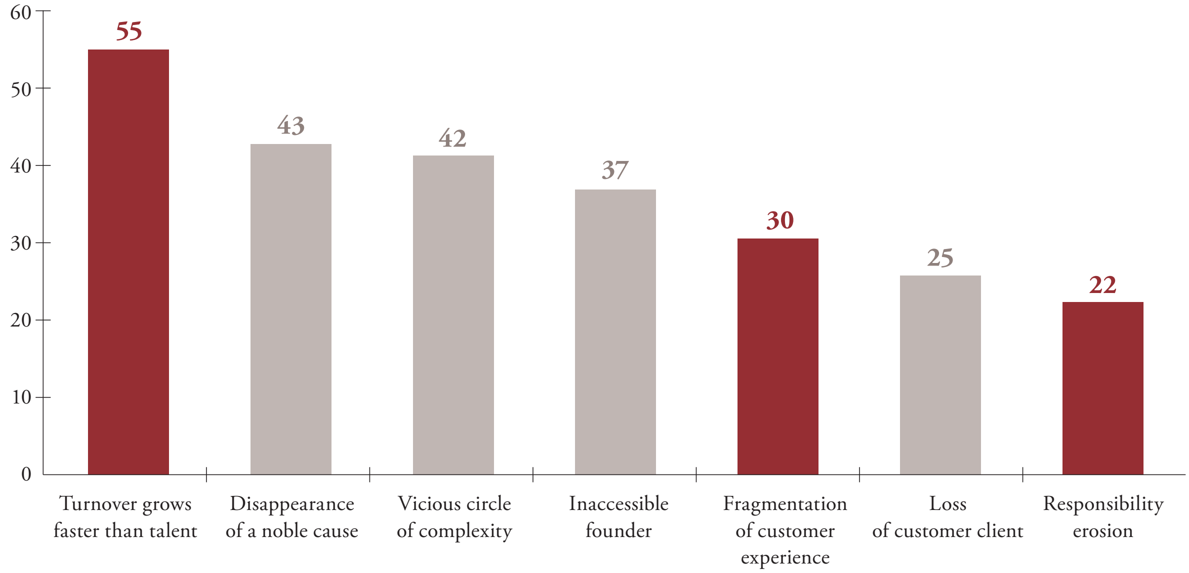
Lack of skills

M&A involves the availability of skills that may not exist within the acquiring company or target. In addition, growth operations can translate into new needs, and a degree of acceleration that call for talent that is not always available or present in sufficient numbers within the new entity. Training men and women in new trades and skills takes time, which may temporarily hinder the success of the growth operation.

Among these internal obstacles, the first to be cited by business heads and leaders are:

- Turnover that grows faster than internal talent
- Increased distance between the company and its customers
- A growing complexity of decision-making
- An inability to choose or maintain a focus (core business) and direction
- A certain difficulty in mobilizing resources.

What are the main obstacles to internal growth?
Results expressed as a percentage of respondents



The challenges listed above increase with the size of the company and its level of complexity. The paradox of growth is thus: "Growth creates complexity, and complexity silently kills profitable growth."

Turnover grows faster than talent

As indicated above (lack of skills), a growth operation generates new needs in terms of skills and talents. Accompanying growth implies that the necessary expertise is available in the right place at the right time, in sufficient quantities. The increase in turnover can lead to a mechanical increase in human resource requirements. The timescales here are not necessarily in phase: it is sometimes faster to grow turnover than to recruit and/or train the right employees. This differential over time can prove particularly critical and may jeopardize the success of the growth operation.

Disappearance of a noble cause

The vocation, which is both the raison d'être of the organization and a factor of commitment, can be altered by the growth operation: loss of legibility of the vision of the newly created Group, acquisition by/of a company whose mission, organizational practices and values are perceived as contradictory to the culture of origin. These are all elements that can negatively affect the adherence of a (significant) part of the actors (managers, employees, suppliers, customers). By maintaining the focus on what is essential, by renewing the pact of adhesion on the part of employees, and, in particular, by sharing and implementing its values, the Altrad Group strives to maintain the original cause.

Vicious circle of complexity

See above.

Inaccessible founder

The more a Group grows, the greater the risk that its leaders lose their close proximity to employees, and even to operational or field problems. Maintaining even reduced contact is essential to avoid the “ivory tower syndrome” in which an executive and his or her managerial team may find themselves isolated and disconnected from the reality of the organization.

Fragmentation of the customer experience and loss of contact with customers

Complexification can be accompanied by a certain fragmentation of the customer experience: dispersion, ignorance of new markets or segments, less efficient processes, breaks in the information chain, etc., all lead to a distancing from customers.

This loss is particularly damaging in that it affects the quality and relevance of decisions. Employees in direct contact with customers are the “heroes” of the organization. The voice of customers is central. By placing the customer at the heart of its organization, the Altrad Group reaffirms this fundamental precept: no company can live without its customers.

THREATS: OVERALL WEAKENING AND FINANCIAL LOSSES

The weakening that accompanies the phenomenon of complexification itself as a result of the growth of an organization is declared as so many threats potentially affecting the solidity and the permanence of the company.

	Perverse effects ***Complexification***	**Threats** ***Weakening***
Regarding the fundamentals	• Increased indebtedness • Difficulty generating an adequate level of cash • Rapid or exponential growth in sales not supported by the matching growth of in-house talent • Conversely, the erosion of turnover, • Increase and/or uncontrolled costs, including excessive transaction costs • Losses greater than expected benefits • Loss of momentum • Possible obsolescence of the business model	• Inability of the company to repay the debt and honour its commitments; subsequent threat to its independence and/or survival • Difficulty accessing complementary external financing and threat to the future development of the company • In the face of excessively high interest or debt, pressure on cash that could threaten the survival of the company • Non-satisfaction of working capital requirements • Loss of profitability

	Perverse effects *Complexification*	**Threats** *Weakening*
Regarding the organization	• Disorganization (provisional) of the structure whose perimeter, or even nature, changes • Identification of new or pre-existing structural and/or functional problems • Exacerbation of homeostasis and/or bureaucratic processes • Slowing and/or complexification of the decision-making process • Distortion of information • Multiplication of decision and action levels • Multiplication of tasks/functions whose utility is questionable (too much reporting kills reporting) • Multiplication of norms, rules, requirements, some of which may conflict with each other • Coexistence of different information, management and social management systems	• Major internal malfunctions threatening the efficiency of the company • Loss of reactivity, adaptability and agility • Immobility due to the slowing down or loss of legibility of the decision-making process • Risk of dispersion of resources and energies likely to alter the coherence of the action • Loss of productivity • Dilution of responsibility • Increased bureaucracy or administration (multi-layered administration) that takes the organization away from the action and the heart of its business • Coexistence of contradictory objectives and emergence of contradictory injunctions (double-binds, etc.) paralysing action
Regarding the business and activities	• Excessive diversification • Increased distance between the company and its customers • Dispersal of efforts and resources • Cycles of production and innovation altered in terms of efficiency or pace	• Loss of legibility as to the company's core expertise • Loss of contact with customers and the market • Fragmentation of the customer experience • Breaks in the information chain • Unfamiliarity with the market, customer segments • Loss of customers and/or suppliers threatening turnover and competitive positioning • Loss of competitive advantages
Regarding vision	• Difficulty constructing a coherent vision in a considerably expanded and modified overall situation • Possible loss of legibility of vision • Possible dilution of common objectives and collective action • Distancing of the founder from the rest of the organization (ivory tower syndrome)	• Weakening of culture and common goals • Consequent difficulties in mobilizing and engaging stakeholders
Regarding strategy	• Relative inertia in implementing the new overall strategy • Dispersal of efforts and resources • Little or no economies of scale • Impossibility/difficulty in achieving expected synergies • Loss of profitability and competitiveness	• Dangers of fragmentation • Impossibility/difficulty in maintaining quality

	Perverse effects *Complexification*	Threats *Weakening*
Regarding culture and values	• Dilution of culture • Resistance to a different culture and values system • Difficulty integrating the different companies in the Group into a new, homogeneous Group • Loss of identity • Underlining of difficulties in the coexistence/blending of cultures that are partially or totally incompatible	• Loss of identification with the culture and values • Resulting lack of motivation of stakeholders • Disenchantment of employees and customers
Regarding the men and women	• Inertia: emergence of obstacles and resistance inherent to change • Negative emotional impact on some employees • Disruptions in terms of HR: redundancies, job changes and new people recruited • Introduction of new working languages • Difficulty mobilizing teams • Loss (temporary) of effectiveness • Appearance of possible duplicates or redundancies • Possible dwindling of skills • Increased complexity of human resources (new standards, coexistence of very different social legislation, etc.)	• Blockages and strong oppositions likely to threaten the smooth running and full implementation of the project • Insecurity: increased level of concern or anxiety resulting in decreased productivity or concentration (time spent discussing the real or perceived consequences of the rapprochement) and changes in the behaviour of certain employees: demobilization, disengagement of teams • Overheating of teams in high demand (risk of burnout) • Risk of compartmentalization (parochial attitude) • Loss of collective meaning • Difficulties in recruiting and/or retaining talent that may lead to inadequate skills and expertise in-house

The perverse effects and the threats they pose to the new overall entity are numerous and partially unpredictable.

Nevertheless, anticipating how mechanical effects can evolve into perverse effects and identifying where they are likely to occur requires careful preparation upstream and the establishment of a system to evaluate the consequences of any growth operation and means adopting a modus operandi able to preserve the ability of the new overall entity to react and adapt.

Whatever the context, people’s motivation, based on trust, are what makes the difference.

ACT III

THE RISKS OF EXTERNAL GROWTH: PERVERSE EFFECTS AND THREATS

Conference room of the company West & Co.
Main hall of West and of H.M.
One type of set: a table, a few chairs, a flat screen

The scenes take place successively in these rooms.
The set remains identical, except for the logo projected on a screen visible by the spectators, which changes from one company to another.

West & Co.: acquirer
Lucy Saint-Charles (CEO)
Peter Flemming (CFO)
Paul Black (HR Director)
Hans Moore (Commercial Director)
Dan Francard (West & Co.'s longest-serving employee)
A few "anonymous" actors dotted around the audience and/or belonging to the team in charge of integration (scene 3)

H.M. Group, the target
Henri Ménard (CEO of the H.M. Group, transferor)
Seb Mons (CFO)
John Trent (HR Director)
Paola Ranzi (Commercial Director)

A few "anonymous" actors dotted around the audience and/or belonging to the team in charge of integration (scene 3)

SCENE 1

At the offices of West & Co. and of H.M. simultaneously (West & Co. logo)
To the right of the stage, Lucy is addressing an audience of employees at West's headquarters.
To the left of the stage, Henri Ménard at the offices of H.M. also addresses an audience of employees from the H.M. headquarters.
We understand that the speeches of both parties are simultaneously transmitted to each office. Lucy and Ménard therefore alternately address all the collaborators of the newly combined Group.

MÉNARD. – Ladies and gentlemen, dear colleagues, dear friends. Whenever important news is to be shared, we meet here, gathered in the main hall of the head office. The information I want to share with you this morning is a very important piece of news. The West Group has just acquired the H.M. Group.
After more than twenty years at the head of the Group I founded and have directed with prudence, rigour and ambition, the time has come for me to retire. A few weeks ago, I started discussions with prospective buyers. It was to the company West, managed by Mrs Saint-Charles, that I chose to sell the H.M. Group.
Ladies and gentlemen, I am pleased to present, by video conference, Mrs Lucy Saint-Charles, the new head of West H.M.

LUCY. – Thank you Henri. Dear colleagues from West and H.M. Several weeks ago, the West Group initiated a strategic rapprochement with the H.M. Group. Today, this rapprochement has become effective.
There are now some 38,000 people on almost all continents working to spread the reach of the West H.M. Group around the world.
38,000 men and women whose intelligence, passion and commitment have in the past enabled each of our two groups to grow and become leading players in their sectors.
Together, in two to three years, we will become the number one provider of services to industry. This is both a prestigious place, and one that is coveted, which from now on requires not only a lot of humility, but also a great deal of audacity.
It is a position that will establish our power but one that carries responsibilities for each of us, toward our historical partners and those who will join us. We also have a duty to the people affected by our business on a daily basis.
The top place is an enviable and envied position. It is also, paradoxically, one of fragility. As you know, a Group is as strong as the weakest of its constituent elements. Any rapprochement is accompanied by a period of fragility, upheavals and questions, and sometimes doubts, even tensions.
I am aware of the challenge. And I have confidence. Confidence in our ability to meet this challenge. Trust in each one of you, in your enthusiasm, your vitality, and your creativity.
I believe in the success of our rapprochement. And I also know how much this will depend on the confidence you have in West H.M.'s vision and its ability to make its dream your reality.
My ambition is to navigate successfully through a volatile, uncertain, complex and ambiguous environment.

My wish is to work together with you to outline a desirable future that each of you will want to be part of.
Thank you.

Blackout.

SCENE 2

Lucy on the phone with Ménard to announce that the two teams in charge of integration will meet for a team building activity before their joint working session.
Both are on stage: Lucy is in the offices of West and Ménard in those of H.M.

LUCY. – Hello Henri. We briefly discussed the need to bring together the two teams responsible for integration and I'd like to schedule this meeting as soon as possible. Do you think we could arrange a meeting next week?

MÉNARD. – Yes, certainly. That's what we had planned on our side, too. We can meet at your offices on Tuesday morning. Have you already worked out an agenda?

LUCY. – The aim of the first meeting is for the teams to get to know each other. They will work hand in hand throughout the integration phase. It's important that people know each other. And it's an opportunity to better understand the culture of each Group.

MÉNARD. – Perfect. Would you like us to prepare something?

LUCY. – That shouldn't be necessary. I've planned an activity before the actual working session … I won't say any more about it just now.

MÉNARD. – A surprise? A good one, I hope.

LUCY. – Absolutely! See you on Tuesday.

MÉNARD. – See you Tuesday.

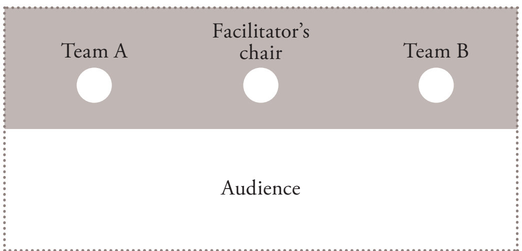
Blackout.

SCENE 3

West's Conference Room (West logo). Team building activity.
A facilitator, and the two teams in charge of integrating West and H.M. (if possible, about ten people on each side).
Human Resources Directors for West (Paul Black) and H.M. (John Trent).
Lucy Saint-Charles and Henri Ménard.
An activity is proposed to both teams by the facilitator. The goal is to make them aware of their greater or lesser proximity in terms of culture, in the broad sense, before putting them together for a working session in one and the same team.
At the end of the activity, the two teams are closer than at the beginning, but still at a distance from each other.

FACILITATOR. – Before getting together to work on a common integration plan, Mrs Saint-Charles has asked me to do a quick activity to give everyone a better understanding of the singularity of the other.
Quick reminder: what is culture?
[*He may question people on stage and in the audience, who can answer.*]
Culture is a set of things that people have in common, things they share and that bind them together: for example, values, beliefs, language, habits, behaviours, ways of doing things or acting, codes. All these things define the identity of the Group to which people belong and guide their decisions.
Culture is not always easy to define, and yet we intuitively know what is or isn't part of it. So I suggest you do a little test …
I invite West's team to stand on my right, a few metres from the chair that I'll put here in the middle, and the H.M. team to stand on my left, also a few metres from the chair.
[*The teams are installed on either side of the room according to the following plan.*]

Arrangement of the teams on the stage at the start of the activity



Right. That's perfect.
I'm going to read you about ten statements that could be applied to your Group. If you agree with the statement, raise your hand. Conversely, if you consider that the statement does not define you, does not apply to your business, don't raise your hand. Is everyone with me? Very good.

Now I'm going to add a rule about movement. If, for a given statement, both teams have their hands raised or their hands lowered at the same time, I'll give you a signal, and you take one step towards the chair in the middle of the room.
On the contrary, if for the same statement you have different answers, that is to say if one team has hands raised while the other has hands lowered, at my signal, both teams take one step back.
Is that clear to everyone? Any questions? No? OK. So if both teams are of the same opinion, you move closer; if your teams have a different opinion, you move away.
Perfect, let's start.

First statement: "Our Group is international."
[*Both teams raise their hands. When the facilitator makes the signal they take one step forward*] That was a warm-up … easy! Let's continue.

Second statement: "Our Group favours a matrix mode of organization."
[*West's team raises their hand and H.M.'s team discusses it, then chooses not to raise their hands. At the signal of the facilitator, they both take one step back*.]

Third statement: "Our Group implements humanistic values. It is a human construction, made by and for men and women, who find fulfilment within it."
[*Both teams raise their hands, then at the signal take one step forward*.]

Fourth statement: "Our Group promotes co-responsibility management."
[*The teams hesitate, and then finally they raise their hands. At the signal, they take one step forward and move closer to the chair*.]

Fifth statement: "Staff turnover at head office is less than 10% per year." Or to put it another way, "Less than one in ten people leave the organization every year."
[*The members of the West team, after consultation, do not raise their hands, while the team of H.M. raises hands, and both teams take one step back on the signal*.]
Still fine for everyone? OK, let's carry on.

Fifth statement, no sorry, sixth statement: "In the various rapprochements in the past, our Group has sought to spread its own culture within the target societies in order to homogenize the cultures as quickly as possible and smooth out any organizational and managerial differences."

PARTICIPANT. – Could you read the statement again please?

FACILITATOR. – Of course. "In the various rapprochements in the past, our Group has sought to spread its own culture within the target societies in order to homogenize the cultures as quickly as possible and smooth out any organizational and managerial differences."
[*The West team do not raise their hands and the H.M. team raise their hands. On the signal, both teams take a step back*.] Seventh statement: **–** "Our Group is looking to become the world leader in its markets."

[*West's team raises their hands and HM's team doesn't. Both, at the signal, take a step back.*]

Eighth statement: – "For our Group, managing cash on a daily basis is a fundamental issue of which all employees are aware."
[*Both teams raise hands and take a step forward at the signal.*]

Ninth statement: – "In our Group, we penalize the behaviour of those who do not ask for help, do not help their collaborators or refuse the help that is offered to them."
[*Both teams hesitate.*]

PARTICIPANT. – How should we respond if we agree with only one part of the statement?

FACILITATOR. – It's binary: if you approve in full, you raise your hand. Otherwise, you drop it. So, to repeat: "In our Group, we penalize the behaviour of those who do not ask for help, do not help their collaborators or refuse the help that is offered to them."
[*The teams again consult each other and finally choose not to raise their hands. They both take one step forward.*] Tenth and final statement: – "For our Group, the customer is at the heart of the organization"
[*Both teams raise their hands and advance one step at the signal.*]

Blackout.

SCENE 4

The Executive Committee at West (West & Co. logo)
At first, only Lucy, Peter, Paul and Hans, the commercial director are present.
They begin to debrief the meeting between the teams in charge of integration and to identify the first problems.
After a few moments, they are joined by the members of the Executive Committee of H.M.: Henri Ménard (CEO), Seb (CFO), John (HR) and Paola (Commercial Director).

PAUL. – It doesn't look as easy as we expected. Overall, our cultures are relatively close, but clearly we are not aligned on quite a few points. I suggest that we address this issue quickly with our H.M. Executive Committee counterparts. How do we manage this? We'll need to talk.

PETER. – This is an important point, but from my standpoint, there is a more important issue in the short term: cash. I'll come back to that. A lot has been invested in this operation. We will have to restructure, and probably more than we had imagined: there are numerous duplicate jobs: the management of some of their subsidiaries can be optimized. All this will cost a lot and consume a lot of cash. The pressure on liquidity was already strong with the transaction itself. And it will increase in the short term. It will be necessary to generate margin, quickly and effectively.

LUCY. – Over to you, Hans: How do you see things on the commercial side?

HANS. – I'm aware that the sales teams will be under pressure to generate growth quickly. The main issue for me is the revision of our development plan. The plan that our annual budget was based on is no longer relevant. My counterpart on the H.M. side is probably in the same situation. Everyone had planned to generate sales in a certain way. We'll have to adjust. Who takes the lead?

PETER. – The pressure is more on our side. Leadership is up to us.

LUCY. – Of course. It seems justified for us to have the final say on this issue. But our discussions should enable us to align our positions in terms of business development strategy. As always, the emphasis is on collaboration and joint reflection.
Anything else before inviting the members of H.M.'s executive committee to join us?

PAUL. – The question of alignment strikes me as key, at all levels.

LUCY. – The aim of this first meeting is to create the conditions of trust a priori, without which we will not be able to work properly. I'm counting on you.
[*Lucy gets up and goes to welcome the H.M. ExCom members who take their seats around the table.*]
Ladies and gentlemen, I suggest we have a quick round of introductions. You already know me: my name is Lucy Saint-Charles. I'm the CEO of West & Co. Peter?

PETER. – Peter Flemming, Chief Financial Officer. Nice to meet you.

PAUL. – Paul Black. I’m in charge of human resources for the West Group as a whole. Welcome.

HANS. – My name is Hans Moore. I’m in charge of West’s business activities. Welcome!

MÉNARD. – Henri Ménard, founding director of the H.M. Group. About to retire!

PAOLA. – Hello everyone. I’m Paola Ranzi. Commercial Director.

SEB. – Hello. My name’s Seb Mons. I’m in charge of finance within H.M.

JOHN. – And to bring up the rear: John Trent, Director of Human Resources. Pleased to meet you.

LUCY. – The aim of this first meeting is to get to know each other, of course, but also to lay the foundations for a fruitful collaboration. We will also have to steer the teams in charge of integration. So, I propose that we define our priorities. Henri, do you have anything to say on your side?

[*He shakes his head*.] Peter?

PETER. – From the financial point of view, the top priority is cash management.

SEB. – This is logical given the increase in West’s debt. What’s the impact for the newly combined Group?

PETER. – Concretely, we will have to find solutions to restore our margins.

HANS. – Paola, I would like us to spend time reviewing our development plans. As you can imagine, the sales teams will be in high demand in the near future.

PAOLA. – Of course. I’m available whenever you like. Who’s in charge of logistics at West? Given the importance of the issues, it would be a good idea to involve the two heads of the supply chain in our discussions, wouldn’t it?

HANS. – You’re absolutely right. Ben Evrard is in charge of logistics. He is currently away visiting customers. He’ll be back at the end of the week. I’ll send him an invitation to attend our meeting right away.

[*He taps on his laptop*.]

PAOLA. – Adapting the sales force to the new issues facing West H.M. is a big challenge.

HANS. – The consolidated client portfolio is indeed very different from the portfolios we have traditionally worked with, on both sides. We'll have to identify the key success factors. I am aware, Peter, of the need to quickly create growth.

LUCY. – Without conceding anything in terms of quality, on the contrary. I think you'll agree with me Henri, quality is a total and constant commitment. Producing and serving as well as possible, maintaining relationships of trust with our customers, everything must contribute to creating a virtuous circle. The participation of all in the satisfaction and the loyalty of our customers is fundamental.

MÉNARD. – I totally agree with you Lucy. And I want to repeat how important it is for me that the messages transmitted to H.M.'s collaborators are as clear as possible. The sooner the better, because I already sense quite a lot of tension. People are spending time discussing the future. This is normal: they need to see the future clearly and be reassured.

LUCY. – Thank you Henri for bringing up this point. You're right, this is indeed very important. We are well aware that people may be worried. I hope that we will jointly clarify the vision for the new ensemble and define the main priorities in order to communicate regularly on concrete elements. Everyone must be able to find his or her place quickly and regain the necessary level of comfort.

PAUL. – John, on the integration issues, I suggest that we organize a meeting with the integration teams this week. Does that suit you?

JOHN. – OK. I'd also like to come back to two points: the harmonization of cultural differences on the one hand, and the management of duplication and restructuring on the other.

PAUL. – In fact, as Mrs Saint-Charles was able to share with Mr Ménard in their first exchanges, the West Group believes in the richness of the diversity of cultures. We're not trying to promote the predominance of West's culture. In fact, we're keen to retain what makes for H.M.'s strength and what has made it successful.

LUCY. – I would like to insist on this point as I feel it is very important: our philosophy relies on the respect of all, respect for differences and a sincere and genuine interest in others. I know that this approach can sometimes affect immediate effectiveness. But this is the choice we have made in the past and which we intend to continue to favour. Rather than standardizing, we respect differences; they are sources of wealth and creativity. It goes hand in hand with the trust and autonomy that we grant to the owners of our subsidiaries.

JOHN . – How do you envisage the management of duplicate jobs and restructuring?

LUCY. – What we have to keep in mind is that they are part of a rational of efficiency and competitiveness. Before making any decision, I'd like John and Paul to carry out a thorough social diagnosis. We need as clear an idea as possible about the social performance or counter-performance of West H.M. We need to analyse the human potential and the prospects for evolution.

JOHN. – You know as well as I do that the process of rationalizing a business and organization is necessarily accompanied by redundancies and the recruitment of new talents.

PAUL. – The human side needs to be treated with the utmost care. In particular, this means that we need to trace and process social information just as we do to manage economic, financial and commercial data. Let’s compare our systems. We’ll have to think about the possibility of implementing an integrated system.

LUCY. – Generally speaking, we must expect an increase in complexity at all levels. The rapprochement of our two groups leads to a change in dimensions and nature. We have already identified the most immediate mechanical effects. Our role now is to pay attention to the more perverse effects of growth and the threats they carry.

MÉNARD. – In concrete terms?

LUCY. – In concrete terms, everyone within their own sphere of responsibility must be mindful of any discrepancies between the expected effects and the results obtained. And we also need to adopt an overall, integrated and comprehensive view. West H.M. will act rather like a spider’s web: any action at one point on the web will make it vibrate at multiple points. Our biggest challenge is to get through the period of fragility we are going to be subjected to. This is always the way things happen.

PETER. – How would you like us to proceed?

LUCY. – With a great deal of collaboration. The integration teams need to report relevant information in a timely manner. On the ExCom side, we need to be proactive and responsive. To make sure that we have identified the indicators we need to drive the rapprochement in its human, economic, financial and cultural dimensions. The next three months are going to be key.
Anything else?
[*Everyone shakes their heads.*]
OK. In that case we’ll review the situation in a week. Thank you all.

EVERYONE. – Thank you.

Blackout.

SCENE 5

Two weeks later.
Lucy is talking to Dan Francard.

DAN. – Can I speak frankly? It's hell!

LUCY. – Hell? Aren't you exaggerating a bit, Dan?

DAN. – I don't think so, no. In every office I go through, it's the only thing people are talking about. There are those who say that because West is the acquirer, we're safe. Others say that everyone will be assessed and that we will only keep the best. And then there are those who are so worried they don't even want to talk about it. Not to mention the people on sick leave. And I only see the people from headquarters here. I daren't imagine what's happening at H.M.

LUCY. – The statement that went out a fortnight ago was clear, it seems to me: restructuring initially concerns only the subsidiaries in Eastern Europe and the Middle East. At headquarters level, the positions at risk were identified and the people concerned have been informed. The others are not threatened, in any way.

DAN. – Mrs Saint-Charles: You know very well that a layoff affects more people than just the person concerned.

LUCY. – You're right Dan. I know the impact a departure can have on a team. Far be it from me to minimize it. The integration and HR teams have set up a support unit. I'll find out whether people are taking advantage of this opportunity. It's important for people to have somewhere they can talk about it.

DAN. – You asked me how things were going, and I answered. Things have been shaken up. People are scared. They have trouble finding their bearings. That's what I hear all day. And it's been over a month.

LUCY. – This isn't the first rapprochement carried out by West. It's always hard in the first few weeks. This is normal and understandable. So Dan, what's different this time around?

DAN. – Fatigue. That's the point, people have had to adapt quite a lot in recent years. The integration of Schmitz has just been completed. And we have to start all over with H.M. It's as if people haven't had the time to breathe.

LUCY. – Thank you very much for being frank, Dan. I'll call Paul right away. See you soon.

Blackout.

SCENE 6

The ExCom at West (West & Co. logo)
Lucy, Peter, Paul and Hans.

PAUL. – Thanks for calling, Lucy. I did a follow up with the "integration" team. Indeed, they pretty much confirm the feedback from Dan Francard. It's in line with what I said to you a few days ago. We knew this would be the case: the succession of rapprochements is putting pressure on the teams.

LUCY. – Hans, are you seeing the same thing on the commercial side?

HANS. – They need a little time to find their bearings with the H.M. teams. They are competitors by nature: we are not yet in collaboration, but it will come. I'm more concerned with the latest budget figures. I understand that the board is even more ambitious than Paola and I have been. Peter, couldn't we reduce some extra costs to avoid putting all the strain on the sales people?

PETER. – This is being done. All the levers are being operated to generate more cash.

HANS. – On the customer side, Paola and I have worked out a very ambitious visiting programme: we intend to introduce each other's main clients to one another over the next twelve months. We start with Europe. It's important to maintain quality contact and continue to deliver our orders on time. We'll also have to discuss the terms of payment: ours are very different from those practised at H.M.
I've already spent a lot of time on the phone explaining the rapprochement. The customers are being patient for the moment, but they are showing a lot of anticipation about West H.M.'s main strategic options.

PAUL. – Exactly. It seems to me that there is also a certain dilution of common objectives. Or, to be more precise, there is no adherence to the new objectives, notably by H.M. Frankly, none of this surprises me. Integration takes time. Are we sure that we're allowing ourselves the time we need?

PETER. – That would be the ideal scenario: having the time. But reality is a little different, as always.

PAUL. – Not to mention that we have made several layoffs without having recruited all the talent we need. This will take another three to six months. Is the board aware of this?

LUCY. – It is. Like us, the concern of our shareholders is that we manage to generate growth to avoid a liquidity crisis. I recognize that they are particularly demanding in regard to business objectives.

PETER. – What must be avoided at all costs is finding ourselves in a situation where we are unable to meet our working capital requirements and repayment schedule.

PAUL. – We must also avoid people becoming deeply and permanently demotivated. And if they lose confidence …

LUCY. – OK. We have three months to make the first adjustments. Let's get to work!

Blackout.

SET 4
ACHIEVING SUSTAINABLE AND PROFITABLE GROWTH

Desire is a kind of enterprising spirit mounting from the body
to the will, in such a way that willpower would only be weakly effective
were it not spurred by that touch of desire.
Paul Ricœur

INTRODUCTION

Growing in order to survive and then surviving the weakening provoked by complexification, itself a consequence of growth, is the challenge we have referred to as the "growth paradox".

As we have already said many times, companies need to develop in order to survive. Several development options are available, and they are usually grouped under three categories:

Internal growth

Organic development strategy, enabling

- growth at a rate that is potentially more respectful of the organization and its stakeholders
- an increase in organizational learning
- the allocation of investment over time
- freedom to reach a target or an ally
- preservation of the strategic independence of the company

However, this proves inadequate when the survival of the company and its strategy call for radically new capabilities that are rapidly accessible and operational.

External growth

A development strategy mainly based on M&A, which

- may be motivated by strategic, financial or managerial reasons
- requires identifying a target, the correct evaluation of its price and integration into the newly combined entity.

Growth through cooperation

Strategy of alliance and partnership, which
- does not necessarily require the creation of a joint organization (legal and as regards property)
- may take the form of
  – complementary alliances
  – additional alliances
  – symbiotic partnerships
  – outsourcing partnerships (outsourcing of non-core and non-revenue activities)
- implies co-evolution (community of interest and destiny) and trust.

The company opts for one and/or another of these development strategies according to four criteria of success: urgency, uncertainty, capacity and autonomy of capacities.

	DO IT ALONE	COLLABORATE	PURCHASE
	Internal growth	**Growth by cooperation**	**External growth**
Urgency	Slow	Fast	Very fast
Uncertainty	Hard to sell in the event of failure	Shared losses, possibility of a takeover	Possibility of sale in the event of failure
Intangible capacities	Coherent culture	Problems of culture and control	Problems of culture and evaluation
Autonomous capacities	Create a stand-alone company	Collaborate with the activity concerned	Need to purchase all

The success of an external growth operation essentially relies on the ability of the acquiring company to improve the performance of its target, or even to do this jointly, through synergies.

While the external causes of failure cannot be overlooked or dismissed, many leaders agree that the main reasons for these failures are to be found internally.
In a certain way, despite their manifold nature, magnitude and impact, they are all more or less a direct result of complexified organization, which mechanically weakens the newly combined entity.

In this context of increased fragility, how can we give the company the means to succeed in its growth and thereby work towards sustainability? How can we transcend the paradox of growth?

ACHIEVING SUSTAINABLE AND PROFITABLE GROWTH: CONCRETE SOLUTIONS

Improving the performance of the target and then of the newly combined entity depends on the strategic compatibility, organizational compatibility and cultural compatibility of the two entities.

In other words, the success of integrating the two organizations into a defined, coherent and relevant whole will determine the success of the growth operation:

- defined in that its contours are delineated by a shared vision that is identifiable by the market
- coherent in that its strategy allows the search for common objectives, which do not place the subsidiaries in unhealthy competition with each other, objectives to which the appropriate means (financial, technical, material, organizational, human, time, etc.) are allocated.
- relevant in that the offering thus created is in line with the needs of the market, and even of society.

Integration is often problematic (numerous incompatibilities and difficulties faced by management in reconciling divergent interests and objectives that can even be experienced as opposing).

For us, the choice of the type of integration depends on two essential criteria:

- strategic interdependence

When the strategies of the two companies are highly interdependent, integration should be strong. If the acquisition is justified by the willingness to transfer capacity (e.g. technology) or to share resources (e.g. a distribution network), both organizations should be fully integrated. Of course, some acquisitions take the form of conglomerate diversification, in which case the need for integration may be limited to financial and accounting systems.

- The need for organizational autonomy

However, the nature of the organizations involved can change the logic of strategic interdependence. It is preferable not to integrate—at least not initially—an acquired company with a very specific culture, which is geographically very distant or which is dominated by professionals who jealously guard their independence.

Sometimes, the acquisition is justified by the fact that the target's very distinctive character is valued by the acquirer. In this case, of course, it is better to gradually learn about the culture of the target rather than risk destroying it by too clumsy an integration.

The diagram below summarizes the different integration options according to the strength of these two parameters.

		Strategic interdependence	
		Weak	Strong
Need for organizational autonomy	Strong	→ PRESERVATION • Maintain established strategies • Preserve cultures and systems • Changes limited to the strict minimum	→ SYMBIOSIS • Target and acquirer learn from each other and share their qualities • Long, complex integration process
	Weak	→ POSSESSION • Reduced need for integration • Target held, possibly for a limited period • Target maintains its autonomy	→ ABSORPTION • Rapid alignment of strategies between target and acquirer • Corresponding changes in culture and systems

SUCCESS CRITERIA FOR AN EXTERNAL GROWTH OPERATION: HOW TO ENSURE SUCCESSFUL INTEGRATION?

A multitude of criteria should be taken into account. Without being exhaustive, here is a list of the essential points to look out for.

Organizational fairness

Whatever the chosen method of integration its success is conditioned by the process of integration itself, in other words by the way in which change is carried out.

An acquisition operation is accompanied by numerous and varied changes.
In almost all cases it involves

- Restructuring
- Loss of jobs
- Sudden changes in career direction (one way or the other)
- Modification, initiation, cancellation of projects, etc., all of which are events with an emotional load that must not be overlooked.

The ease with which such events are conducted, accepted and validated by the employees of the organizations involved in the rapprochement is based, in particular, on the quality of organizational fairness.

The notion of organizational fairness refers to "the equity of managerial actions in terms of distribution, procedures and information".

- Distributive fairness refers to the distribution of posts and remuneration.
- It will thus be considered unfair in a merger of equals to reserve the vast majority of management positions to only one of the two partners.

• Procedural fairness refers to the procedures by which decisions are made. If the integration decisions come from committees or project groups made up of representatives of both parties, the procedures will certainly be considered fair.
• Informational fairness refers to how information is used and communicated during integration. If decisions are well explained to everyone concerned, they are more likely to be accepted.

Strategic compatibility

This is a matter of ensuring that the target is compatible with the strategy designed and then deployed by the acquirer.

It is often relatively easy, if not tempting, to overestimate synergies and, by the same token, to underestimate differences, antagonisms and even incompatibilities.

Once the transaction is complete, converting expected synergies into real synergies and the creation of value means paying particular attention to the fundamentals of the organization, first and foremost turnover and working capital requirements.

Organizational compatibility

This is also essential.

It refers to cultural differences, which often (mechanically) seem to be intensified in a rapprochement.

It is essential to conduct a preliminary evaluation phase that is as accurate and faithful as possible, in order to estimate possible stumbling blocks and the strategy to be implemented (assimilation, integration, cohabitation, and so on).

An approach phase or initial consultation phase may prove particularly useful, but such an approach may be neglected, omitted or deemed impossible or unnecessary. The risk then becomes the “curse of the winner” whereby the acquirer, on the strength of its success at the time of the transaction, underestimates the resistance, and even increases it, thus moving away from the idea of cooperation and welcoming the respective contributions.

The success of any rapprochement implies a certain shared will, respect, co-evolution, a grieving process to manage the successful termination of links with former shareholders, or even the heads and managers of the target.

Simplicity and collaboration

The first way of managing complexification is to limit it by adopting a growth strategy that incorporates this primary objective from the outset.

Not all growth is equal.

There is thus a distinction between:
• “Poor growth”, for example, in which companies that have identified opportunities for significant growth with minimum risk commit themselves to a sector that is widely recognized as booming. The main risk incurred is that of finding oneself in a market coveted by many other players in which the company may encounter difficulties in differentiating itself from its competitors and asserting its own strengths. Pursuing the same market opportunities as one’s competitors can prove disastrous.

- "Good growth", which is encouraged by companies that understand how to create value for their customers. It is no longer a question of running after "fashionable" growth opportunities, but rather of evaluating the company's assets in-depth and making these the basis for driving growth.

To develop "good growth", some preliminary questions need to be asked:
- What is the unique quality of my company?
- How can I match my competitive advantages with market opportunities?

This reflection process allows us to develop what we call a "capabilities-driven strategy approach", a version of agility centred on the company's unique skills, talents and know-how.

It is therefore a question of envisaging growth centred on or around the core business and talents of the company, thus avoiding the effects of dispersion, itself a source of complexity.

Nevertheless, the development of any organization is mechanically accompanied by quantitative and qualitative jumps that involve complexity: **What allows the company to grow is also what gradually weakens it.**

In order to counteract the adverse effects of increased complexity, simplification routines should be set up to improve the functioning of the organization, specifically by:
- systematically removing anything that hinders collective effectiveness
- fighting against the dangers of fragmentation.

There is also a need to introduce discipline to avoid strategic dispersion by
- adopting routines to simplify the product portfolio
- drastically filtering investment projects
- committing to remaining close to the market.

As already noted, "to begin to cope with the downturns of growth, companies must divest themselves of complexity and unnecessary costs in order to free up resources, refocus on their core business and exploit the strength at the root of their original growth."

Successfully tackling complexity is a top-down, sequential process:
- first, the company must dispose of its non-core assets and business
- then it must develop a simplified strategy for the remaining business
- next, it must address the complexity in central processes
- and finally, it can focus on reducing the complexity of the design, adaptations and customization of products.

We have seen management teams try to transform the organization by working in the opposite direction, which can only lead to getting caught up in details and wearing out the organization before even achieving what makes the real success of a transformation, namely reducing the high level of complexity and cost.

There is also the question of increasing complexity, not only at the global level, but also at corporate level, and we advocate simplification aimed at encouraging and facilitating collaboration. As much a source of opportunities as it is of increased difficulties, complexity is problematic mainly because of the way companies try to deal with it.

In order to reconcile conflicting objectives, managers redesign the organizational structure, performance measures and incentives to align employees’ behaviours with changing external challenges. Layers are added, more procedures are imposed. So to ease the implementation of these ‘hard’ changes, companies implement a series of ‘softening’ initiatives designed to promote a positive emotional climate and create a work environment where interpersonal relationships and collaboration can flourish.

It is therefore advisable to implement a simplification strategy to avoid or counteract the pitfalls of complication and complexification that arise when multiplying unnecessary hierarchical levels, procedures, reporting (that are time- and resource-consuming). Not enough priority is given to promoting a culture of accountability in order to enhance cooperation.

- Rule no. 1: Improve understanding of each other’s actions
- Rule no. 2: Strengthen the power of people who act as integrators and coordinators
- Rule no. 3: Expand the amount of available power (empowerment)
- Rule no. 4: Increase the need for reciprocity to enhance cooperation
- Rule no. 5: Ensure that employees can sense “the shadow of the future”, i.e. increase their awareness of the impact of decisions
- Rule no. 6: Discourage the lack of cooperation by “rewarding” and valuing the behaviours of those who help and those who ask for help and “penalizing” the behaviours of those who do not ask for help, and do not help others.

And let’s remember that true cooperation is not (only) based on a good understanding between the various actors. Rather, it involves taking into account the constraints and objectives of others.

The agility of the organization

The health of the company will determine its performance. Organizational health results from the company’s ability to continually improve. To sustainably maintain a high level of performance, companies need to develop their learning capacity and be able to adapt continuously. This dual competence is what characterizes so-called self-learning and agile companies.

To ensure sustainability, the living organization must be able to guarantee constant adaptation and be aware of the disorganization of its constituent elements and the external environment on which it depends, by definition, as an open system. It must be able to be autonomous, that is to say, particularly agile.

How to maintain and develop agility in order to preserve responsiveness and proactivity in a changing and uncertain context?

For an organization to remain agile, the joint project needs to be regularly revived, maintaining collective mobilization by

- regularly affirming the fundamentals
  - Why does the company exist?
  - What value does it create?
- anchoring fundamentals in everyday life
  - internalised in the behaviour and reasoning of each
  - promoting a collective discussion around the fundamentals.

Flexibility, responsiveness and suppleness increase customer satisfaction and reduce costs through, among other things:

- synergies
- economies of scale
- pooling resources and skills.

They also help to reduce inconsistencies and strengthen teamwork, in particular through shared responsibilities and a greater sense of initiative.

In this way, all the functions of the company combine and complement each other to reach a common objective, in the interest of all.

Techniques are applied to ensure the agile allocation of resources in performing groups: emphasis is placed on the importance of a reasoned, intelligent and agile allocation of fundamental resources.

How can we avoid getting bogged down in status quo and stagnation?

This requires:

- Mapping the company's resources
- Creating an accurate map, beyond the main divisions of the company, to identify where the resources are currently and effectively deployed
- Establishing a benchmark of resource inertia
- Reframing budget meetings, turning them into resource allocation sessions, and running them accordingly
- Developing counter-anchoring, i.e., not basing future resource allocation decisions on decisions made in previous years
- Changing the pace of strategy definition
- Introducing flexibility into all processes
- Learning to "let go", i.e., not persisting along an unsuccessful path
- Keeping in mind the notion of time. The results may not be immediate. Patience is (also) a virtue.
- Learning from past experience.

If we still need to be reminded of the fact, growth is a key element in creating value. Analysts and consultants compete for ideas to promote sustainable growth. The life cycles of nearly 3,000 IT companies worldwide were analysed between 1980 and 2012. At the end of this analysis, three conclusions emerged:

Growth beats everything else

It proves to be key in that

- it allows higher incomes
- it predicts long-term success
- it is more discriminating than margin or cost structure.

Maintaining sustainable growth is very difficult

- the probability of a company becoming "big" is relatively low
- success is ephemeral.

There is a recipe for sustainable growth

Three principles preside over such growth

- Growth occurs in phases

Phase 1: Five key elements
- Market
- Monetization model
- Quick adoption
- Being smart
- Stimulation

Phase 2: The key elements are different in nature
- Expansion of the phase 1 offering to new geographical territories, new channels
- Extending the success of phase 1 to new markets
- Transforming the offering of phase 1 into a platform
- The elements that contribute to growth differ in nature from one phase to another
- Successful firms are those that are able to manage the transition from one phase to the next.

Founder's mind-set

According to one study, companies that succeed in overcoming the obstacles they face, the ones that grow and are profitable, are those that maintain an attitude, a mind-set and practices similar to those found in small companies run by competent and successful founders.

At best, the founder's mind-set, over the long term, is strongly influenced by speed and action; the founder considers himself or herself personally responsible for the employees' actions and the use of resources.

The force of the founder's mind-set is a central part of the industry of unlisted companies—a reaction to bureaucracy, poor cost management, and the complexity that plagues many large companies.

What are the characteristic traits of this founder's mind-set?

- The sense of an "insurgent mission", characterized by an ambitious long-term objective, specific, unique resources and talents at the heart of the economic model, are what set the company apart.
- An obsession with the "front line", characterized by intellectual curiosity about the entire customer experience and the functioning of the organization.
- An "owner" mind-set, characterized by a strong sense of responsibility toward employees as well as customers, products and decisions, an aversion to bureaucracy and an inclination for decision-making processes and rapid action.

This mentality tends to dwindle as the organization grows and matures. But it is essential to cultivate this mentality as a winning strategy to overcome the growth crises that any company has to go through.

Reconciling the irreconcilable

Working with paradoxes, and incorporating them in our representation of reality, means above all being able to clearly identify the underlying viewpoints as well as the advantages and disadvantages attached to each of them.

The growth paradox: the survival of a company depends on growth, the effects of which threaten the very survival of the company. How can we overcome this incapacitating contraction of the double bind whereby every decision-maker finds himself or herself faced with an impossible choice: "If I do not choose growth, I condemn my company; if I do choose it (without controlling its effects), I condemn my company."

SYSTEMIC MODELLING

Three principles can guide our thinking about complexity:
- The dialogic principle, maintaining duality within unity. This principle associates two complementary yet antagonistic terms.
- Organizational recursion: a recursive process is one in which the effects and products are necessary to the process that creates them. The product produces that which produces it.
- The holographic principle: "Not only is the part in the whole, but the whole is in the part."

THE POLARITIES APPROACH

In a paradoxical or dual approach to a problem, it is a question of seeing the positive and negative aspects of each of the options presented.

According to any paradoxical logic, advantages and disadvantages can coexist, insofar as the advantages of a solution at one end of a continuum (e.g. centralization) often correspond to the disadvantages of a solution at the other end of the continuum (e.g. decentralization), and vice versa.

The ultimate solution is an astute construction, a kind of hybrid that draws advantages from each of the solutions originally envisaged.

In addition, it is necessary to build an innovative solution that incorporates an important dimension: temporality. There is no static solution, but one that is scalable and adaptive. The solution takes into account the transformation of the context and the impact of the deployment of the solution (recursions) on the initial problem.

One of the principles of paradox is its circular nature. When there is tension between two equally attractive options, contradictory commitments or opposing realities, a flow of energy forms between and around these polarities, like an infinity loop. Focusing too much on one of the polarities to the detriment of the other results in a greater difficulty in identifying the disadvantages of the chosen solution and a tendency to favour a biased reading of the situation where emphasis is placed on the unique advantages of the adopted solution.

In other words, this partial blindness and the potential loss of critical thinking that accompanies it may lead to persisting in a given direction (vicious circle) to the detriment of a more holistic approach to the problem, thereby rejecting solutions that are often constructed on the way.

Another risk is that of wavering from one solution to another, from one position to the next, without asserting and/or maintaining a course.

Only positive synergy between the two poles will lift the solution towards the ultimate goal that it is intended to serve (virtuous circle).

Managing any paradox involves not considering one pole as the problem and the other as the solution, but rather envisioning and valuing each as both the problem and the solution, or, in other words, as containing both elements of the problem and elements of the solution.

Paradoxical and systemic approaches invite us to see a given problem as a situation that contains the elements of solution. They tend to favour thinking that is dialogical (or inclusive, “and” rather than “or”), and even teleological (“and, because”, which in essence contains meaning, both in terms of causality and of finality).

Western and Eastern philosophies perceive volatility, uncertainty, complexity and ambiguity in a distinctly different way.

The Eastern approach, which incorporates the chaotic dimension of the world and promotes reciprocity and interdependence, is more likely at ease with the changing and unpredictable nature of the world.

The Western approach, which is more comfortable with an ordered view of the world and tends to favour individualism and personal success, emphasizes independent action based in particular on a quantitative and linear analysis of a given situation.

The meaning, motivation and finitude of growth

For many, successful firms are those that have been able to manage the transition from one growth phase to the next. The pitfalls include a poor choice of timing or strategy. These firms also ask themselves questions like:

- How much growth do we need, and according to what timeframes?
- What is the residual growth of our core markets?
- Is our position in these markets secure?
- What opportunities do we have to expand our business and generate more cash to invest in growth?
- What new opportunities can we identify to take us from one phase to another?
- What is the best time to act?

It is up to the head of the company to identify and understand the growth trajectory he or she wishes to implement and to decide whether the current product offer and the strategy in place are suited to this development aspiration.

This kind of in-depth reflection governs any decision to implement a growth strategy, which needs to be reasoned and adapted to the company, to take account of its strengths, weaknesses and specific objectives.

Is growth, understood as a phenomenon that affects organizations—living systems—infinite or is it necessarily finite? As they say on financial markets, “no tree grows to the sky”. Therefore it may be useful, even indispensable, to question motivations of a more personal nature, which are often overlooked or ignored, being partially disconnected from strictly economic imperatives, but which nevertheless influence the choice of constantly renewed growth.

Thus economics, with its corollary of growth, can sometimes be driven by an unquenchable desire for recognition by the other, for admiration and even envy.

What danger might lie be in going beyond the rationale of need (which is legitimately and undeniably necessary for survival or life) and giving free rein to desire, to pursuing endless growth? Are there not accompanying dangers related to disproportionate and unreasoned ambition: a dilution of the very raison d’être of growth, namely the perpetuation of the company, a loss of critical sense, the search to satisfy personal interests to the detriment of the collective interest, endangering oneself and others, and so on.

Is there such a thing as a predefined limit to growth and an optimal size for organizations? In other words, can or should the development of companies be standardized in order to avoid possible deviations arising from megalomania on the part of the founder or the management team? Where does growth start and where does it end? What indicators and alerts should be set up to ensure not exponential growth, but the right growth, optimal growth, i.e. growth that is ecological, that preserves the life of the organization, the fulfilment and safety of its stakeholders (employees, customers, suppliers, etc.), and that respects the environment in which it develops?

In a systemic approach to the world, all the constituent elements of the system are interdependent. The future of each is conditioned by the choices of all. Perhaps proper growth or the right growth is "quite simply" responsible growth.

THE KEY ACTIVATION LEVERS TO OPTIMIZE THE CHANCES OF SUCCESS OF AN EXTERNAL GROWTH OPERATION

Some authors and leaders consider that there are three key levers:

Asserting strong leadership

This is not to be confused with autocratic leadership.

It is more a question of consolidating, strengthening, embodying and unifying coherent and inspiring leadership capable of generating commitment and adhesion in a period of increased fragility.

Favouring speed of integration

How can we strike the right balance between devoting the necessary time to listening, explaining, reflecting and participating as well as imparting a sustained and respectful pace of action?

From this point of view, one company is not the same as another. The appropriate speed of integration will be chosen on the basis of a good understanding of the culture, the implicit rules of operation, and the internal and external issues.

Actively managing the cultural dimension

This is related to the previous point. An external growth operation involves many changes that are likely to affect all the dimensions of the company.

Any change management implies steering the transformations and managing the ensuing resistances.

A thorough knowledge of the culture of the two entities in the rapprochement will lead to better navigation in a period of increased fragility and the definition of the cultural model to be promoted:

- Favour the acquirer's model
- Favour the target model
- Get the two models to coexist
- Invent a new model.

Summary

	Needs	Concrete solutions *achieving sustainable and profitable growth*
The fundamentals	Create value to ensure the sustainability of the organization	• Identify and "monitor" value creation levers • Convert expected synergies into real and effective synergies • Pay the right price (transaction) • Design a realistic debt plan • Implement strategies to ensure the level of cash required for daily operations (WCR) • Get rid of unnecessary costs • Separate non-core assets and business • Pool resources and skills
The organization	Clarity	• Think upstream about the new organization (structure, functions, roles, responsibilities, systems, decision-making process, etc.) • Allow the organization to retain/increase its agility (agile and reconfigurable matrix structure): organizational, relational and individual agility • Adapt the organization as it grows (evolutive and self-learning organization) • Tackle complexity in central and secondary processes • Encourage simplicity and collaboration • Systematically hunt down what hinders collective effectiveness • Decentralize by promoting autonomy and freedom of action (entrepreneurial spirit) • Promote cross-functional management (flexibility, suppleness, adaptation) • Maintain and cultivate the essentials (raison d'être, values, management principles) • Learn how to operate in a VUCA environment • Become familiar with paradoxical approaches • Authorize and reward initiative, creativity and innovation
Business and activities	Coherence	• Build an integrated Group • Place the customer at the heart of the concerns • Strengthen complementarity (products, services, functions, expertise, etc.) • Rationalize the offering to avoid dispersion and incompetence or irrelevance
Vision	Clartiy, relevance, acuity, visibility	• Communicate about the vision • If possible, involve the teams in defining the new project • Mobilize collective intelligence • Regularly revitalize the joint project • Reaffirm the philosophy and values • Communicate, exchange, listen, multiply opportunities for dialogue • Foster a sense of belonging to reinforce commitment

Strategy	Coherence and optimization of resources	• Ex ante appreciation of the motivation for growth and the desired magnitude • Seek the right growth, that is optimal and ecological (respect for the ecosystem formed by the company and its environment) • Expose the new joint project, communicate • Define the pace of growth and allow the necessary time while encouraging action in order to avoid stalemate and subsequent demotivation • Establish a discipline of strategic prioritization • Promote quality (products, services, working conditions, relationships, etc.) • Focus on the company's core know-how • Adopt routines to simplify the product portfolio • Develop a simplified strategy for the remaining activities
The culture and values	Clear identity of the new ensemble and the preseration of meaning	• Define the new culture (acquirer culture, target culture, coexistence of the two, new culture) • Reaffirm values and adhere to broad-based vision • Respect the diversity of the subsidiaries and valorize their own characteristics • Take advantage of cultural differences • Promote partnership governance • Establish co-responsibility management • Cultivate the founder's mind-set ("rebel" spirit, obsession with the front line, ownership mentality, etc.)
The men and women	Reassurance	• Plan upstream the key steps in the integration process • Anticipate resistance and involve as many people as possible in the process of change • Create conditions for commitment to the new project: trust, visibility, meaning, etc. • Create a work environment where interpersonal relationships and collaboration can flourish • Anticipate resources and indispensable means • Provide hiring and training plans • Streamline skills • Improve understanding of what everyone is doing • Strengthen the role and power of integrators and coordinators • Expand the amount of available power (empowerment) • Increase the need for reciprocity to improve collaboration • Increase general awareness of the impact of decisions (accountability) • Valorize help and help-seeking behaviours

ACT IV
ACHIEVING SUSTAINABLE AND PROFITABLE GROWTH: THE KEYS

Conference room of the company West & Co.
Conference room of the company H.M.
One type of set: a table, a few chairs, a flat screen
The logos of West and of H.M. are projected on a screen visible by the spectators.

On the West premises

West & Co.: the acquirer
Lucy Saint-Charles (CEO)
Peter Flemming (CFO)
Paul Black (HR Director)
Hans Moore (Commercial Director)
A few "anonymous" actors

H.M. Group: the target
Seb Mons (CFO)
John Trent (HRD)
Paola Ranzi (Commercial Director)

SCENE 1

West H.M. head office, two months later.
A fire drill. Everyone is outside, in front of the building.
The area surrounding the offices is represented by the room in which the participants of the Altrad seminar are seated.
The actors come down from the stage and spread out among the audience.
Before the beginning of Act IV, the participants are told that they will be invited to talk about the concrete problems they encounter within the Altrad Group and to share the solutions they have imagined or already implemented.
The aim of this first scene is for Altrad to listen to what the participants have to say about the issues they face on a daily basis following the recent rapprochements and also to encourage them to come up with solutions. Each "malfunction" stated must therefore be accompanied by a solution. One person takes notes.

VOICE-OVER [*pre-recorded*] Ladies and gentlemen. This is a fire drill. We invite you to take the stairs closest to your office and to go down calmly. Please go to the rally points on the lawn and parking lot in front of the building.
Ladies and gentlemen. This is a fire drill. We invite you to take the stairs closest to your office and to go down calmly. Please go to the rally points on the lawn and parking lot in front of the building.

We see the actors coming down from the stage and walking to the aisles in the room where the audience is seated.

ACTOR 1. – That's all we needed! Do they think I've got the time for this right now?! Since the merger I never have a minute to myself and now they've got us doing fire drill!

ACTOR 2. – [*speaking to the person walking next to them*] Did you remember to backup your computer? You never know.

ACTOR 3. – It's good timing, actually. I really needed a break! Plus it's a sunny day!

PAUL. – [*addressing everyone*] Thanks for being so calm and patient. Our fire drill is nearly over. We just have to wait for the green light from the fire brigade and we can go back up.

ACTOR 1. – [*addresses Paul Black, HRD, in front of everyone*] Paul: are you aware of the pressure everyone has been under for the past three months?

PAUL. – Hi Philippe. Yes I realize that these last few weeks have been difficult.

ACTOR 1. – What are you planning to do about it?

PAUL. – The integration teams and the human resources department are working around the clock to find satisfactory solutions as soon as possible.

ACTOR 1. – Meanwhile we're still waiting to see the effects!

PAUL. – You know what, Philippe. You've given me an idea. Since we're all together, let's take advantage of the moment and think about this together!

ACTOR 1. – What do you mean?

PAUL. – I'd like each of you to tell me about a malfunction that you've observed but also to match it with a possible solution. Agreed? A malfunction AND an outline solution. Does someone have a laptop to take notes?

[*One of the actors raises a hand to say they'll take notes.*]

PAUL. – Who wants to start? Philippe?

ACTOR 1. – OK. What I've been seeing for several weeks is that despite the communications, we have the impression that we don't know much about what's actually happening. Mrs Saint-Charles's vision especially is not very clear. As a result, everyone's agitated, the pressure's mounting and people are worried about their jobs. We don't know where we're going.

[*He pauses.*]

PAUL. – Thanks Philippe. Any ideas about a solution?

ACTOR 1. – I think that Mrs Saint-Charles should share her vision for the Group, in precise terms. And tell us how she sees it developing in the coming months and years. Maybe we could be involved in defining some common objectives.

PAUL. – What do you suggest, more specifically?

ACTOR 1. – I don't know exactly how it could be done. But if somehow we could be consulted on the day-to-day problems we face and then help to work out some possible solutions and objectives, it would be good a thing.

PAUL. – Anybody else?

ACTOR 2. – I'm part of the sales team. And since the rapprochement with H.M. our targets have been revised upward. But are we really given the means to reach this more demanding budget? I get the impression that we're competing with the H.M. teams in some markets. They have a different sales policy. For example, the payment terms they require from their customers are more favourable than ours. It's a bit … disloyal?!

PAUL. – What do you suggest to overcome this problem?

ACTOR 2. – I think that West and HM's commercial directors should get around the table and work out a common sales strategy. The terms of sale issue is key. If we need to improve and accelerate cash flows, one way of doing it is to leverage the "terms of payment".

PAUL. – Any other malfunctions to report since the rapprochement? Everyone can express themselves about the day-to-day difficulties they encounter. Anyone else like to share the problem and solution?

The discussion with the room is launched.
This discussion can take 10 to 30 minutes, depending on the number of interventions.

VOICE-OVER. – Ladies and gentlemen. The fire drill is over. You can now return to your offices.

Blackout.

SCENE 2

The premises of H.M. (H.M. logo).
Seb (CFO), John (HRD) and Paola (Commercial Director).

JOHN. – I got a call from Paul Black. Apparently, the employees at West's head office have expressed some tensions and difficulties. We're experiencing pretty much the same thing on our side. There are a lot of concerns.

PAOLA. – Starting with us! The ExCom will not maintain two human resources directors, two commercial managers, two financial directors. At the moment, we don't know what strategy Lucy Saint-Charles will favour, whether she plans to keep most of the positions on her team or if she intends to form a mixed team.

JOHN. – These questions will be addressed very soon. It's important for everyone. We plan to discuss this with Paul Black in two days time.

PAOLA. – Do you have any idea what the organization chart will look like?

JOHN. – What I do know is that Lucy Saint-Charles is someone who's known for being very fair, and in the past she's always managed to set up an organization that's both effective and suited to immediate and future needs. There are bound to be adjustments, disappointments and satisfactions.

SEB. – Personally I hope that in the long term the subsidiaries will have a certain degree of autonomy. This rapprochement is an opportunity for us to break with the very centralized management of Henri Ménard.

PAOLA. – Although she's at the head of a Group of nearly 40,000 people now, I have the impression that Lucy Saint-Charles still has an entrepreneurial mind-set. My first exchanges with the various sales teams show that the subsidiaries are very autonomous and that this culture of entrepreneurship is largely favoured.

SEB. – For me, what's important is to set up an effective decision-making process. For now, the information chain is disrupted. And without clear decision-making, there's no effective decision. We need to maintain a maximum degree of agility and responsiveness. The worst thing would be to stall the action because we're unable to decide.

JOHN. – That's why it's important to move forward with the organization chart. We should know within the next 48 hours.

Blackout.

SCENE 3

The West ExCom (West & Co. logo).
Present are Lucy, Peter, Paul and Hans.
They are debriefing about the discussion that started during the fire drill.

PETER. – So, Paul? How was the fire drill? I hear you came up with an innovation, right? That was bold and interesting. Apparently people really appreciated that you gave them the chance to express themselves.

PAUL. – I'm pleased: it went well, even if it was totally improvised!

LUCY. – You need to know how to seize certain opportunities. What's really positive is that people got talking and you invited them to go beyond denouncing the problems by formulating a solution for each one. Bravo Paul!

What seems to me to be really important now is not to let it just die down. This kind of exercise raises expectations. We mustn't disappoint people by not reacting … or not reacting fast enough.

PAUL. – Exactly. I suggest we start by looking at all the subjects that came up, by theme. OK with you?

Everyone agrees.

[*If possible, the screen displays a summary table (With columns: "Categories", "Threats", "Needs" and "Solutions" so that the audience can follow more easily; see page 10 of this document.*]

PAUL. – There are several ways of ordering the subjects and dealing with them. Basically they're divided into seven main categories:
1. fundamentals
2. organization
3. business and activities
4. vision
5. strategy
6. culture and values
7. human resources

We can go back to each of the points in detail. But for the time being I suggest we start with the categories of problems raised, work together to identify the underlying needs, and then consider possible solutions. OK with you?
[All agree.]
OK.
Concerning fundamentals, everyone has of course heard the message about cash to secure the future. One question came up several times: how to make this growth operation profitable, especially from an economic and financial point of view.

And of course, the concern about possible restructuring. I'll come back to that later.
The common need is to create value, in the strictly financial sense, but also more widely, as a condition of the Group's sustainability.
The solution lies in monitoring the value creation levers or, in other words, converting expected synergies into effective synergies.

HANS . – I think it's important to continue communicating about the tensions related to cash, especially to mobilize the sales teams: to give context to the increased efforts demanded of them.

PETER . – I can prepare some information on this subject. As we've already said, this is a very important point.

PAUL. – I'd like to draw your attention to the importance of positioning the cursor in the best way. The risk I see is to increase anxiety if we insist again and again on the problems of cash. Could we consider formulating messages that are oriented to the "cash issue" but adapted to the roles and responsibilities of each?

PETER. – That's a good idea. Let's work in that direction.

PAUL . – Now for the question of organization, or rather, what some people have jokingly called disorganization. The list of malfunctions is long. But let's say they all relate more or less to complexification, to a certain confusion and to the slowness of the ensuing decision-making process.
It strikes me that what's needed here is clarity.
The solution depends on the organizational choice we opt for. I would say that whatever the case, we need to maintain the agility of the organization and a certain degree of autonomy and we must clarify the decision-making process.

LUCY. – I agree.

PAUL . – Which brings me to the next point: that of activity and business. The remarks are similar in some ways to those expressed about strategy: confusion, dispersal of efforts, lack of knowledge of certain markets.
The need here is for coherence.
The solution: build an integrated Group.

LUCY. – And at the same time, a Group that respects the diversity and richness of its component cultures it. This matters to me.

PAUL. – As far as the vision is concerned, the remarks all point more or less in the same direction: lack of visibility on the joint project.
The need: increased visibility and clarity.
The solutions: communicate on the vision and associate the teams in defining this project, at one level or another.

LUCY. – I understand the request. It is important to communicate on the course to follow, as we have always done in the past. It's one of the conditions of commitment. I like the idea of going further by setting up a process of collective intelligence.
Next?

PAUL. – As far as strategy is concerned, the main malfunction referred to is fragmentation, i.e. the dispersal of effort and resources.
The need here is also the coherence and optimization of synergies and resources.
One solution: establish a scale of strategic priorities and stick to them. And simplification.
[*He pauses and continues.*]
Culture and values were also mentioned. The main concern is a certain dilution of the culture.
The need: an assertive identity of the newly combined Group, as well as preserving what gives meaning to action, of what is important to people.
The solution: define the new culture: either by favouring the culture of West, or that of H.M., or by allowing everything to coexist; or by inventing new culture.

LUCY. – The cultural dimension is key. Too many rapprochements are unsuccessful due to the failure of cultural integration. It is very important to deal with this subject with the utmost care. I'm counting on all of you as well as the "integration" teams to organize something quickly.

PAUL . – I agree. The cultural dimension must be actively managed. Shall I continue? OK. So, finally, the issue of human resources, our main subject from my point of view. But I recognize that as a human resources director, my opinion may be biased!
At this stage of the rapprochement, underlying each of the problems that came up during the fire drill, what emerges systematically is the anxiety about the uncertainty created by the many changes.
The need is obvious: reassurance. People need to be reassured, to get answers, to find meaning in their actions, if need be, and basically, to be able to engage in the future.
The solutions include anticipation, communication, clarification, training, empowerment, valorization.
Time management at all levels is fundamental. I think we have to incorporate the fact that this whole process will take time.

LUCY. – The skill lies in not confusing speed with haste, at the same time as setting the pace in the process to avoid stalemate, weariness and loss of motivation.
We need the support of the greatest number. And to create commitment, the first step is to take the time to listen and to explain.
While continuing to act.

Blackout.

	Threats	Needs	Solutions
Fundamentals	Tension related to cash threatening the survival of the company	Create value to ensure continuity	Expected energies → effective synergies
Organization	Complexification, confusion, slowness of decision-making	Clarity	Agility, autonomy and clarification of the decision-making process
Business & Activities	Confusion, dispersal of efforts	Coherence	Building an integrated Group
Vision	Lack of visibility in regard to the joint project	Clarity, relevance, acuteness, visibility	Communication about the vision and collective intelligence
Strategy	Fragmentation, dispersal of efforts and resources	Coherence and optimization of resources	Scale of strategic priorities and simplification
Culture & Values	Dilution of the culture	Asserted identity of the newly combined Group and preservation of meaning	Definition and formulation of the culture
Human Resources	Perturbations and anxiety	Reassurance	Anticipation, communication, clarification, etc.

SET 5

IS GROWTH POSSIBLE WITHOUT SEEKING EXCELLENCE?

When we are in competition with someone who is better than us,
someone that we admire, or even someone who inspires awe,
the goal is not to be better than them, but to better than our ourselves.
Mohed Altrad

INTRODUCTION

The best thing about paradoxes is that they invite us to perform mental gymnastics, a contortion of the mind, hesitating between two opposites without ever seeming to be able to choose. There is something enjoyable in this exercise of prefrontal flexibility (psychosis) whose outcome is precisely not to choose, but to relativize, to invite the coexistence of extremes and elements that are irreconcilable, even better, to understand and accept their indivisibility.

So it is with a company that chooses to incarnate humility at the same time as illustrating and promoting excellence. Contortionist acrobatics? A schizophrenic posture or a holistic, complex vision of the world?

Humility is a humble virtue, so much so that it even doubts its own virtuousness: to pride oneself on one's own humility is to lack it. … Humility makes the virtues discrete, unselfconscious, almost self-effacing. Humility is not however a lack of awareness; it is the extreme awareness of the limits of all virtue and of one's own limits as well. This discretion is the mark—a discreet mark—of perfect lucidity and unwavering standards. Humility is not contempt for oneself, or if it is, it is informed contempt, deriving not from ignorance of what we are but from the knowledge, or rather the acknowledgement, of all that we are not.

The same is true of excellence, which is first and foremost awareness of the limits of self without which there can be no surpassing oneself (consciously and deliberately). Excellence is the knowledge and recognition of everything one is not … yet. In this, it is a mark of lucidity and humility, as surprising as this may seem.

And so these two notions, which were believed to be diametrically opposed, are embraced in a fraternity bordered by limits: for in humility as in excellence, there are limits.

Excellence is a favourite topic in management literature, and it permeates our culture. The excellence approach is often seen as a key to business success: the excellence of structures, operating methods, production modes, leaders and employees.

Reflecting on the notion of excellence in regard to growth leads us to question the link between these two terms. Is one the purpose of the other, or its means? Is excellence an end in itself? Is it at the service of growth, whereby the company strives towards a form of perfection?

Is it not the dream of excellence that drives a company to grow, to transform itself, to constantly adapt in a quest for optimal organization? Is this upward movement related to ambition or to a humanistic philosophy in the name of which each individual and each Group is invited to express their full potential?

Is it even possible to grow without satisfying best practices, even if they are adapted or created by the company itself? Is it possible to develop without lining up a series of criteria of excellence when we know the extent to which the success of a growth operation depends on a combination of favourable factors?

How relevant is it to think of the organization, its business and stakeholders in terms of excellence?

Excel (from the Latin *excellere*): to rise up, to be exceptionally good at or proficient in an activity or subject, to be raised above, to distinguish oneself, to stand out, to win, to be superior, to shine.

Excellence is the eminent degree of perfection of a person or a thing, in its kind. It is sometimes seen as synonymous with perfection, superiority or elevation.

Perfection, finally, is the highest degree in a scale of values. It describes the state of that which is perfect, such that one can conceive nothing better.

In our opinion excellence is not to be confused with perfection, nor with perfectionism, the excessive tendency to seek perfection.

While the second term—perfection—implies irreproachability and impossibility of improvement, being non-perfectible by definition, the first—excellence—is part of a process of (continuous) improvement and presupposes the celebration of the level of excellence attained at any given moment by a given person or Group at a particular point in time.

In perfection there is a quest for the absolute, disconnected from reality, while excellence is deeply rooted in reality, in that it takes into account the context and capacities of human beings and organizations.

"Perfection is not of this world" if it meets criteria that are detached from human capacities and freed from the laws of nature. On the other hand, one could argue that nature is essentially perfect (in its imperfection!), in that it continually ensures the perpetuation of the most adapted animal and plant species. It provides the conditions for survival by maintaining the delicate balance between resources and the living world, moment by moment. Nature simply allows the emergence, renewal and maintenance of life.

There is, moreover, a certain immutability attached to the state of perfection. Once it is attained, it no longer needs to change since "we cannot do any better".

Further, placing the bar "too high", so that it becomes inaccessible, invariably leads to a process of devaluation. The result is bound to be frustrating, and possibly devaluing. It is considered unsatisfactory because it falls short of the initial objective. From this point of view, perfection does not take into account the abilities and personal qualities of the individual or those specific to an organization. It is defined a priori by comparison, and therefore differs from the level of excellence inherent in each, which in essence is highly subjective.

Perfection implies a notion of competition with respect to the other, whereas excellence is more a "competition" with respect to oneself. Excellence is perhaps above all about surpassing oneself, going beyond one's own limits—and this is the paradox, the acceptance of these limits.

As such, it is accompanied by the celebration of success along the way, while at the same time it is a renewed encouragement (if appropriate) to do better every time.

Nevertheless, we must be mindful of the temptation of permanent challenge, a form of insatiability with regard to success—which may be accompanied by perpetual dissatisfaction, especially among the least competitive.

For a "competitive" personality, the multiplication of ambitious challenges is a strong source of intrinsic motivation. For those in whom competition is not, of itself and for itself, a source of pleasure, the constantly renewed demand for improvement (of competition with oneself or with the other) can become a source of dissatisfaction and even suffering. We are not all equal with respect to competition or the pursuit of excellence. Let's not forget: the other is not just another me.

Conversely, when considered and even encouraged in an environment that is both benevolent and demanding, and respectful of the internal and external limits of the individual and/or organization considered, an approach of excellence, understood as a healthy surpassing of oneself, can be a real source of joy and pleasure. It is the very essence of a humanist philosophy.

There is a fine line between a development zone and a danger zone. How can one help a person and/or a Group to leave their comfort zones without projecting them into a zone of high insecurity?

Thinking of the organization in terms of excellence rather than perfection allows us to consider its adaptability. In other words, it allows us to grasp the interdependence of the organization and its external environment, as well the evolution of a relationship that is conceived as being open to change. Excellence then provides a maximum level of satisfaction for the stakeholders at each moment in the life of the organization, according to their own capacities and the context in which the organization evolves.

Growth also stems from the imperative need for adaptability, in the interests of the survival of the organization. The notion of development is at the heart of the rationale of growth and excellence. They feed on each other, acting in turn as the means and the purpose. It is up to the company, or more specifically the manager, to clarify the ultimate goal: is it to be the best in the market? In top place? The fact of having grown the company to the best of its abilities (those of the organization and its manager)? Where will the satisfaction come from? Being the undisputed number one? Achieving an unprecedented level of excellence and professionalism?

So, the main issue depends on the ability to define the goal (necessarily realistic) and the means to achieve it.

How can a company engage in meaningful conversation and a professional development policy for itself and its constituent elements, centred on excellence? How can it define what an organization, collaborators and high-performing processes are? What means does it provide, in terms of training, management, but also financial, technical, human, etc. to promote such development, to grow and guarantee a defined level of competence?

In general, research shows that professional development and continuous improvement occur when the professionals themselves question and document their practice and perfect it on the basis of a systematic, collaborative analysis of its impact on the environment to which it applies. Improvement implies a culture of feedback, where (temporary) failure is an integral part of the process of learning and development, failure that can be openly discussed in a constructive spirit (seeking corrective or innovative solutions) and which is non-stigmatizing (search for culprits). Communicating positive, circumstantial, sincere and constructive feedback is one of the essential components of any improvement process in the service of excellence.

Finally, the promotion of excellence requires that it be an integral part of the objectives of each individual and the content of their position, and can therefore be evaluated.

WHY EXCELLENCE?

The founding current of management through excellence can probably be located in North American companies, imbued with a Protestant, capitalist culture. Max Weber in *The Protestant Ethic*, draws a parallel between the Protestant ethic and the spirit of capitalism. Personal ethics and hard work are intertwined in a double process of professional success and personal salvation.

The second current is more strictly economic and based on the idea of shifting from quality (good) to excellence (best), which companies entered into as a result of increased competition, and which was itself partly due to globalization and the reversed relationship between supply and demand (1970). It follows the path of absolute or total quality, "zero defect", the total mobilization of individuals, all of which was considered essential for the survival of the company.

Questioning the foundations of excellence and its relevance raises a whole range of questions, including:

In terms of purpose

- What is the purpose of excellence in business?
- What it can do, be?
- What is the goal of excellence?
- Is it an objective or a means?

In terms of utility

- What is it for?
- How does excellence contribute to the success of a business?

- How can it help the organization encourage its employees, managers and leaders to do more, better, faster?
- Is there any risk of collateral damage in the pursuit of excellence?

In cultural terms

- What does the search for excellence or perfection reflect?
- What management and evaluation systems are supported by a policy of excellence?

In terms of meaning

- How can a company incorporate the concepts of performance, quality and commitment without succumbing to a concept of excellence that is so often invoked that it loses all substance?
- What is the meaning specific to each company and individual of the pursuit of excellence?

In terms of assessment

- What are the criteria for excellence?
- If perfection is the ideal, unattainable by nature, what indicators show that the objective of excellence has been achieved?
- How do we celebrate success when a successful result is merely the lowest rung of the next challenge?
- What is the impact on motivation of what might be perceived as a headlong rush or a race?

In terms of design and deployment

- How do we develop an excellence approach?
- How do we translate a goal of continuous improvement into an overall process that is virtuous, sustainable and inspiring?
- What are the new vectors of performance and competitiveness?
- Should excellence be looked for directly or considered as an induced effect?
- What are the "ingredients" and concepts of the expression of excellence?

THE ATTRIBUTES OF EXCELLENCE

The extraordinary success of the concept of excellence—in the field of business and, more broadly, in all areas of social life—is indicative of a shift in the meaning of the word. Initially it tended to apply to a way of being, designating an intrinsic quality, but it has come to characterize a way of doing things: it means doing better than others, getting to the top, accomplishing a feat in any field whatsoever, sports, entertainment, artistic or professional. … Excellence is associated with the feat, the way of standing out and distinguishing oneself by doing more, faster and better …

The quest for excellence goes right across our culture and seems perfectly "logical" in:

- a business world marked by competition (gaining market share) and competitiveness (winning in relation to one's own performance)

- a world that values the top place (excellence awards, sports medals, Nobel prizes, Goncourt prize for literature, and so on) and surpassing oneself.

How does one generate excellence? What are the ingredients? What are the possible avenues? What examples are there?

Several attributes have been identified, taken from a sample of the 62 best performing US companies:

- a position of action
- keep listening to the customer
- foster independence and an innovative spirit
- base productivity on staff motivation,
- mobilize staff around key values, a business philosophy, a specific project that everyone can identify with.

Simultaneously, the myth of the Japanese company is spreading and with it the techniques presented as key to the success of Japanese companies:

- commitment to excellence
- search for total quality
- pursuit of zero defects
- establishment of quality circles
- development of business plans or performance charters.

In some managerial discourses, the keys to excellence are to be found in

- the (over)valuation of action
- the myth of success
- the theme of challenge and elitism
- the need to be strong
- constant adaptability
- equivalence between economic and social progress,
- the balance between individual interest and the interest of the company.

Excellence and organization: from performance to excellence

Are the notions of performance and excellence intrinsically linked? Is it true that a company performs from the moment it excels in a given field? Conversely, could we consider that these two notions do not necessarily coexist, that an organization can be effective without necessarily excelling?

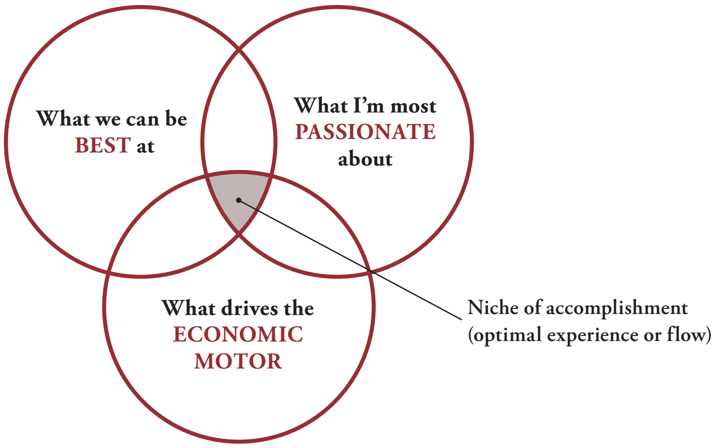
In a context of increased competition, can a company ensure its sustainability without reaching a critical size, without being the best, without excelling? If growth is considered essential to the survival of an organization, like performance and excellence, is it appropriate to establish equivalence, or a link of some kind between growth, performance and excellence?

Is there a qualitative and/or quantitative leap between performance and excellence?

Organizations can be divided into two categories:

- Classic organizations that operate by opportunity. They pursue several objectives at the same time and do not (or insufficiently) incorporate their thinking in a general concept or overview.

• Excellent organizations that focus on what they know how to do perfectly, what makes them the most and which they are passionate about.



To discover its area of excellence or maximum accomplishment, a company needs to examine three questions:

What can we do best in the world?
What strengths, what skills, what talents and what unique potential can we exploit?

What are we most passionate about?
What is the source of our motivation (individual or collective) and what drives our passion?

What is our economic driver?
Which denominator has the biggest impact on our growth?
If we could only act on one ratio to significantly increase profitability, which one would we choose?
To these questions should be added a question related to size, that is to say indirectly to the obligation (real or supposed) to grow. And how relevant is it to question this aspect in order to be the best in the world?

EXCELLENCE AND LEADERSHIP

But how do we define excellence in regard to the individual? What quantitative and/or qualitative criteria are relevant? What technical, interpersonal (i.e. managerial) or other skills help to define excellence?

Below are some examples illustrating excellence models in regard to leadership in terms of professional skills (know-how) and personal skills (know how to be):
• The concept of hierarchy can be defined on five levels, at the top of which is the 5th level leader:

- Level 5: level 5 executive. Builds enduring greatness through a paradoxical blend of personal humility and professional will.
- Level 4: effective leader. Catalyses commitment to and vigorous pursuit of a clear and compelling vision, stimulating higher performance standards.
- Level 3: competent manager. Organizes people and resources toward the effective and efficient pursuit of predetermined objectives.
- Level 2: contributing team member. Contributes individual capabilities to the achievement of Group objectives and works effectively with others in a Group setting.
- Level 1: highly capable individual. Makes productive contributions through talent, knowledge, skills and good work habits.

Some of the characteristics that made excellent leaders in the past were: integrity, commitment to the customer and vision.

To these characteristics can be added five basic qualities: "global leadership, cross-cultural appreciation, technology savvy, building alliances and partnerships, and sharing leadership."

The concept of the 2020 leader has been defined as the 2020 leader as follows: *All of the principles of Workplace 2020 come together in leadership. Creating an environment that is collaborative, authentic, personalized, innovative and social requires leaders whose management behaviours create and reinforce that environment.*

- Collaborative spirit
  – Inclusive decision-making process
  – Sincere feedback

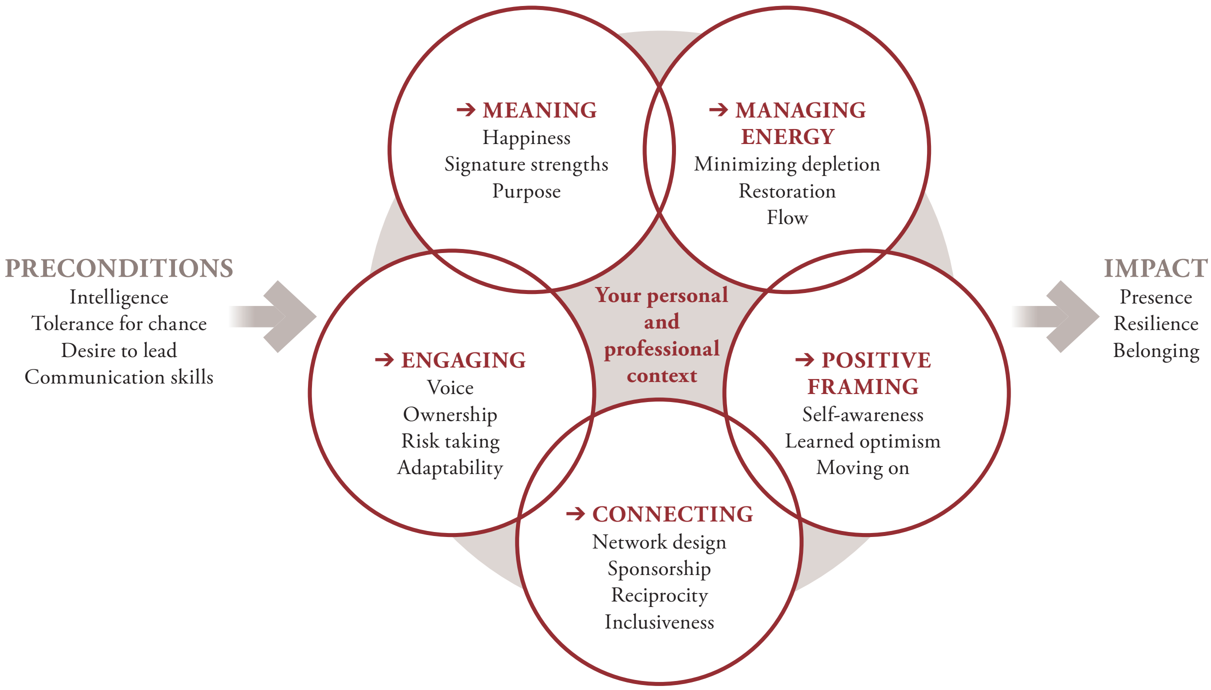
- Talent developer
  – Mentor and team coach
  – Provide direct feedback

- At ease with technology: Uses technology to connect and communicate with employees and customers

- Citizen of the world
  – Culturally open-minded
  – Gives priority to social responsibility

- Able to anticipate and build the future
  – Builds responsibility at all levels
  – Supports innovation

A six-year survey was conducted of over 140 leaders that led to the publication in October 2010 of an article presenting the five basic characteristics allowing these leaders to obtain extraordinary results.



Source: How Centred Leaders Achieve Extraordinary Results

The five basic characteristics are:
- Meaning: happiness at work, signature strengths, purpose
- Managing energy: minimizing depletion, restoration, flow
- Positive framing: self-awareness, learned optimism, moving on
- Connecting: network design, sponsorship, reciprocity, inclusiveness
- Engaging: voice, ownership, risk taking, adaptability.

While such characteristics are expressed with different intensity depending on the personal and professional contexts of each leader, they all tend to be present in exceptional leaders.

They presuppose that the necessary "prerequisites" are met:
- Intelligence
- Tolerance to change
- Desire to lead
- Ability to communicate.

In addition to extraordinary results and remarkable performance, their impact is measured in terms of:
- Presence
- Resilience
- Allegiance.

RISKS OR AVATARS OF EXCELLENCE

Loss of meaning

Excellence substitutes excellence and perfection substitutes any other goal. Excellence becomes the ultimate end. Is excellence an end in itself or a means "in the service of"?

- win to win
- succeed to succeed
- act to act
- grow to grow
- change to change

The search for excellence in the organization is seen by individuals as a call and a constant challenge to rise, excel and surpass oneself. The logic of excellence carries the in-built temptation to always do more/better and a potential inability to appreciate, celebrate and enjoy the satisfaction of the result achieved. Emphasis must be placed on the importance of the stage of satisfaction in the loop of achievement or success. Enjoying, celebrating and being satisfied with success anchors that success.

Stress

Are we all equal to the challenge, pressure and stress? To what extent is the excellence approach stimulating and at what point does it become counter-productive? What are the limits to surpassing oneself? ("Even trees don't grow up to the sky." Financial proverb).

Unlike inert systems that fail if one of the components fails, a living system has an intrinsic ability to adapt … to a certain extent.

Stress is a signal that reflects the maladjustment of the behaviour of individuals or organizations to the internal principles that govern them, or the strategies in regard to the situation, context or environment to which they are subjected.

If unresolved, individual or organizational stress can have "pathological" consequences both for individuals and for systems. Its cost in health terms but also in economic terms has now been proven:

- at an individual level it can lead to a significant decrease in motivation, commitment and performance and, in particular, take the form of absenteeism, presenteeism and even destructive behaviour
- at an organizational level, company malfunctions or stress can lead to a drop in competitiveness and productivity.

A meta-analysis of 52 studies (1980–2006) on the impact of stress on performance confirmed an inversely proportional relationship between stress and performance in 75% of cases (39 of 52 studies): the greater the job stress, the lower the performance.

Strategic errors

The obligation of excellence can lead to choices that are irrational despite being attractive and logical "on paper". An illustration of this potential drift can be taken from the sports world: the belief that a team made up of the best players, capable of the best individual prowess, is a powerful team. But "associating the best is not always the best association".

There is a story about the double example of the Langley and Wright brothers.

Samuel Pierpont Langley, Senior Officer of the Smithsonian Institution and professor of mathematics at Harvard in the early 1900s aspired to be the first pilot. Surrounded by influential friends and with a substantial grant from the Ministry of War to finance his project, Langley gathered around him a dream team, with the top engineers of the time. Everything pointed to the inevitable success of the company.

A few hundred miles away in Dayton, Ohio, Wilbur and Orville Wright worked on designing and constructing their flying machine. Their passion for flying was so strong that it inspired the enthusiasm and commitment of a Group of volunteers. The project had no government funding or influential contacts in high places, no engineers or employees from the best universities. Yet on 17 December 1903, it was from Dayton that the first man rose up into the air at the controls of his flying machine.

EXCELLENCE IN AN AGE OF COMPLEXITY

The living world is transforming and evolving according to a process of increasing complexity. How do we design excellence in a context that is increasingly unpredictable, uncertain, interconnected and interdependent?

Can we continue to think of performance using an analytical, reductionist, productivist and one-dimensional approach?

Wouldn’t it be wise, even necessary, to replace this conceptual framework, adapted to the industrial world, with a systemic, interactive, agile and multifactorial approach that is better suited to the complexity and speed of the twenty-first century?

The post-war boom (1945–1974) or the relevance of the one-dimensional view

At the end of the Second World War, mass production was sustained by the urgency of reconstruction and the desire for well-being. Demand greatly exceeded supply. Facilities were designed to produce high yields. One of the slogans was “productivity”. Under the influence of the work of Taylor and Fayol, companies favoured the division of tasks and functions and the pyramidal hierarchical organization.

The twenty perilous years (1975–1994) or the questioning of productivist logic and Cartesian reductionism

After the first oil shock of 1973, supply and demand tended to balance out. Productivity proved insufficient. We became concerned with product quality and customer satisfaction. Was the company silo approach, often resulting in the closed partitioning of functions and tasks, still adapted to circumstances that called for cross-functionality, collaboration and the pooling of resources?

The twenty decisive years (1995–2014), or how to generate continuous improvement in a complex world

Today demand is lower than supply, which is global, the life cycles of products are much shorter than in the past, and customer demands in terms of price, quality, customization and related services have increased. Due to heightened competition, continuing escalation in terms of innovation and price reduction, and exposure to global factors, companies have had to adopt alternative modes of organization and control, based on a new managerial and organizational skill: agility.

Meanwhile, in keeping with this, the notion of collective intelligence is emerging at the strategic level, with cooperation at the tactical level and synchronization at the operational level. The company is a system in which each component contributes to its overall development. It cannot be reduced to its individual, constituent parts, each pursuing its own goal.

It must be envisaged in a holistic dimension, according to two principles:

- synergy

“The whole is more than the sum of its parts. A harmonious combination of the different elements of the system will result in an overall result that that is greater than the algebraic sum of the nominal capacity of each of them.”

- totality

“The sum of local optima does not result in the overall optimum of the system. This principle, a corollary of the principle of synergy, teaches us that it is useless, even harmful, to search systematically and throughout for maximum performance.”

So how can the logic of competition contained in the pursuit of excellence and its potential corollary, individualism, coexist with interactional thinking that implies coordination, synchronization, global management, cooperation, collaboration and participation to meet the challenges of an unpredictable, fast-moving world that is global and interdependent?

A Jesuit priest has denounced a certain myth of excellence. It is not the excellence, the best, the most perfect that he asks to seek in all things, but “that which seems better”, “a better service”, “what will help more”.

We rarely use the superlative (maximum, optimum, the best, the top); we use the comparative (more, -er). This systematic use of the comparative is not merely based on a keen sense of human weakness and thus a pedagogical concern not to discourage goodwill by proposing at the outset an ideal of unattainable excellence, replete with cruel disappointments. It seems to correspond above all, to the idea of Christians on their way to the state of glory, who must progress step by step. It also corresponds to the logic of human desire, always seeking “more” “but never satiable. … [Everyone] is invited to continually progress, to try to take a step further, to make the best use of his or her talents, yet where the notion of comparison with others is not really obsessive.

It is a question of replacing vain, even sterile and counterproductive elitism, and the obsession of top place obtained at the price of exclusive and fratricidal competition, with a more inclusive, respectful approach that promotes encouragement, in the interest of revealing the talents of each, and allowing them to blossom and grow.

And so ultimately it is not about being the best of all, but the best of oneself. Humbly, in a spirit of expectation and benevolence.

Fifteen themes from set 5 around which the participants, divided into as many groups, are invited to reflect, exchange ideas and make proposals around the notion of excellence.

Open and participatory, this working and dialogue session is an opportunity to actively involve the participants.

It will probably be necessary to announce not only the aim of the exercise but also the intended follow-up, especially considering that the participants will be invited to make proposals (how to deal with the issue, actions to be taken, on the basis of the recommendations and suggestions made, and so on).

CONCLUSION
SET 5, EXCELLENCE IN 15 VARIATIONS

Group 1: Defining excellence

Excel comes from the Latin *excellere*, which means to rise, to be elevated above, to distinguish oneself, to stand out, to win, to be superior, to shine, to be very strong.

Excellence is the eminent degree of perfection of a person or a thing, in its kind. It is sometimes seen as synonymous with perfection, superiority or elevation. It is part of a process of continuous improvement.

Perfection describes the state of what is perfect, such that one can conceive nothing better. It implies irreproachability and impossibility of improvement in that it is, by definition, non-perfectible.

In perfection there is a quest for the absolute, disconnected from reality, whereas excellence is deeply rooted in reality, in that it takes into account the context and capacities of human beings and organizations.

According to you:
- What is your definition of excellence?
- Are excellence and perfection synonymous?
- How is it useful to assimilate them or, on the contrary, to differentiate them?
- How does the Altrad Group embody/not embody excellence?
- What proposals would you like to make to drive excellence within the Group?

Group 2: Raisons d'être of excellence

Companies have entered into a rationale of excellence, that is, they have moved from the rationale of quality (good) to that of excellence (better).

The reasons for this change are undoubtedly to be found in the context of increased competition, partly due to globalization and the reversal of supply and demand (1970s).

The excellence rationale adopts a path of absolute or total quality, “zero defect”, but also of the full mobilization and substantial commitment of employees in order to ensure the survival of the company.

According to you:
- In what way is it relevant to promote a culture of excellence?
- In terms of purpose
  - What is the raison d’être of excellence in the company?
  - What does it allow us to do, to be?
  - What is the goal of excellence?
  - Is it an objective or a means?
- In terms of utility
  - What is it used for?
  - How does excellence contribute to the success of a business?
  - How is it useful for the organization to encourage its employees, managers and leaders to always do more, better and faster?
  - Can we do without it?
- How relevant or even indispensable is it to promote a culture of excellence within the Altrad Group?
- What solutions would you advocate to build consensus around the importance or even the need for excellence?

Group 3: The building blocks of excellence

The company depends on its external environment, which influences it, and which it impacts in return. This non-fixed relationship evolves continuously, hence the need for the company to continuously adapt. Thinking about the organization in terms of excellence means thinking about its adaptability.

Excellence can therefore be considered as that which gives the maximum level of satisfaction to its stakeholders at each moment in the life of the organization, given their individual capacities and the context in which the organization evolves.

According to you:
- What makes for an excellent company? An excellent manager? An excellent team?
- By what criteria do we judge the excellence and performance of an organization, employees and processes?
- What means must be implemented (training, management, financial, technical, human, etc.) to promote the development of excellence within the Altrad Group, to enable its growth and that of its employees in order to guarantee a defined level of competence of the people and the company?

Group 4: The genesis of excellence

The following attributes of excellence have been identified:
- Bias for action
- Stay tuned to the customer
- Foster self-reliance and an innovative spirit
- Build productivity on staff motivation
- Mobilize staff around key values, a business philosophy, a specific project that everyone can identify with.

According to you:
- What are the prerequisites for setting up an approach of excellence?
- What are the necessary conditions to create organizational, managerial and personal excellence?
- How does the Altrad Group generate excellence?
- Have you identified any gaps in excellence, areas that could be improved? What are they?
- What further solutions would you recommend to promote greater excellence within the Group?

Group 5: The culture of excellence

Excellence is one of the main subjects of managerial literature, and at the same time it permeates our culture.

The excellence approach is often considered as one of the keys to the success of companies: excellence of structures, modes of operation, production, leaders, employees.

According to you:
- How do we design and deploy a culture of excellence?
- What type of management and what type of evaluation system support a policy of excellence?
- How do we translate a goal of continuous improvement into a global performance process that is virtuous, sustainable and engaging?
- What are the (new) drivers of performance and competitiveness?
- What are the conditions for the expression of excellence?

Group 6: Excellence and growth

Growth stems from the necessity for any company to adapt in order to survive.

The notion of development is, by definition, at the heart of the rationales of growth and excellence. They feed on each other, acting in turn as the means and the purpose.

According to you:
- What is the goal of growth and excellence?
  – Is it to be the best in the market?

– To be number one?
– To have grown the company to the best of one's ability (both in terms of the organization and its management)?

- What satisfaction can be gained from a dual approach of growth and excellence?
  – To be the undisputed number one?
  – To have reached an unprecedented level of excellence and professionalism?
- Can we grow without excellence?
- What are the areas where the Altrad Group can develop its excellence and grow?

Group 7: Measuring excellence and performance

The concept of performance integrates both:

- **The notion of effectiveness,** which consists in evaluating the extent to which the results obtained comply with the initial objectives, in terms of quantity, volume, rate, deadlines, quality of the service, etc.

This entails:
– the prior definition of one or more measurable objectives
– which must be consistent with the purpose of the undertaking
– and accompanied by a measurable result.

- **The notion of efficiency,** which measures the relationship between the results achieved and the resources committed. An organization/team is efficient if it maximizes its results and minimizes the resources available to produce the results, i.e., achieving the expected results at the lowest cost.

Performance can be defined as the ability of an organization/team to take action to achieve results that are consistent with pre-set objectives while minimizing the cost of all the material, financial and human resources mobilized.

According to you:

- Is there a link between performance and excellence? If so, can you define it?
- How does an approach of excellence support the performance of an individual, a team or an organization?
- What are the criteria (qualitative and quantitative) for evaluating excellence?
- If perfection is the ideal, in essence unattainable, what indicators show that the goal of excellence has been achieved?
- What measures would you recommend to enhance the Altrad Group's excellence and increase its performance?

Group 8: Excellence and collaboration

The effectiveness of a company depends very much on the capacity of its stakeholders (internal and external) to work together.

From a systemic point of view, the main skills to acquire to develop team performance as a Group are therefore interpersonal skills.

To this is added the notion of collective intelligence in a triple process
- alignment at the strategic level
- consultation at the tactical level
- synchronization at the operational level.

According to you:
- If a successful team is one that knows how to collaborate, what are the necessary conditions for the development and maintenance of fruitful collaboration?
- How can the competitive spirit potentially be contained in the quest for excellence—with its corollary of individualism—coexist with collaboration and collective intelligence?
- How do we promote excellence while developing coordination, synchronization, global steering, cooperation, collaboration and mutual assistance?
- What role does the celebration of success play in the process of improving team performance?
- What avenues for improvement could the Altrad Group adopt to promote excellence in collaboration?

Group 9: Excellence and leadership

The concept of hierarchy has been defined at five levels, headed by the 5th level leader:
- **Level 5: level 5 leader.** The level 5 executive builds enduring greatness through a paradoxical blend of personal humility and professional will
- **Level 4: effective leader.** Catalyses commitment to and the vigorous pursuit of a clear and compelling vision, stimulating high performance standards
- **Level 3: competent manager.** Organizes people and resources toward the effective and efficient pursuit of predetermined objectives
- **Level 2: contributing team member.** Contributes individual capabilities to the achievement of Group objectives and works effectively with others in a Group context
- **Level 1: highly capable individual.** Makes productive contributions through talent, knowledge, skills and good work habits

According to you:
- What are the professional (know-how) and personal (social) skills to develop to achieve excellence in leadership?
- What are the characteristics and qualities that define an excellent leader or manager?
- What do you suggest in order to develop these qualities (for yourself and those around you) within the Altrad Group?

Group 10: Excellence and humility

Humility is not contempt for oneself, or if it is, it is informed contempt, deriving not from ignorance of what we are but from the knowledge, or rather the acknowledgement, of all that we are not.

The same is true of excellence, which is first and foremost awareness of the limits of self without which there can be no surpassing oneself (consciously and deliberately).

Excellence is the knowledge and recognition of everything one is not … yet. In this, it is a mark of lucidity and humility, as surprising as this may seem! Because with humility, as with excellence, there are limits …

According to you:

- Are these two notions and the strategic orientations they imply compatible or contradictory?
- How do we reconcile an approach of perfection and continuous improvement with the principle of accepting limits (time, technical and financial constraints, biological limits, and so on)?
- How can the Altrad Group simultaneously embody humility and promote excellence?
- What suggestions could you make to allow these two concepts to successfully coexist in the Altrad Group?

Group 11: Excellence, quality and innovation

To innovate is to think differently, to break with the existing and the outmoded, to break codes, to go beyond limits, to change paradigms.

In fact, innovation, human or natural, can take different paths. It can result from a variation of a basic model (an adaptation of it), multiple variations at the margin which ultimately lead to a more significant or major innovation, or a sudden macromutation (rupture).

Like quality and excellence, innovation—the key to dynamism and success—is often presented as one of the conditions for the development of an organization.

According to you:

- What conditions promote excellence?
- Is it possible to reconcile innovation (and the disruption it entails) with quality (and the stability it implies)?
- How, in a period of change and transformation, such as that experienced by the Altrad Group in recent years, is it possible to maintain the excellence to which it aspires, the quality to which it is committed daily and the innovation required for its future development?
- What solutions do you propose?

Group 12: Possible dangers of an excessive approach to excellence

For a “competitive” personality, the multiplication of ambitious challenges is a strong source of intrinsic motivation.

For those in whom competition is not a source of pleasure as such and for its own sake, a constantly renewed demand for improvement (i.e. competition with oneself or in relation to others) can become a source of dissatisfaction.

According to you:
- How far is the quest for excellence beneficial and profitable for the company and its stakeholders?
- At what point does it become counterproductive, even dangerous?
- Should we celebrate success when an achievement is merely the bottom level for the next challenge?
- What is the impact on motivation of what might be perceived as a headlong rush leap or a race to achieve perfection?
- What recommendations could you make to avoid such pitfalls?

Group 13: Illustrations of excellence

List some examples of excellence within the Altrad Group (organizational, strategic, managerial or personal excellence).

According to you:
- In what way are they examples of excellence?
- Are they unanimously known/recognized?
- What were the conditions that allowed for such a level of excellence?
- How do we maintain this level of excellence?
- If you were to choose from all these experiences the one that is most emblematic of Altrad Group’s excellence, which one would you choose? Why?

Group 14: Excellence and progress

Give some illustrative examples of the lack of excellence within the Altrad Group (organizational, strategic, managerial or personal).

According to you:
- How do these examples demonstrate that there is room for progress? What are the shortcomings?
- What reasons can be given for such a lack of excellence?
- What would you suggest to improve these situations and move them towards greater excellence?

Group 15: Excellence and humanism

Humanism can be defined as an idea that places the development of the essential qualities of human beings at the forefront of its concerns.

Human beings, endowed with absolute dignity, are invited to free their potential, to grow, to elevate themselves, in a movement of intellectual and spiritual growth, autonomy, freedom and self-realization.

By extension, any decision that contributes to the preservation of humankind (respect for its environment) and development (education, training, etc.) is encouraged.

At the same time, the dream of excellence leads a company to grow, to transform itself, to adapt in a quest for optimal organization, for itself and more broadly, for its environment.

According to you:

- How does an approach of excellence fit into a humanist philosophy in which each individual and each Group is invited to express their full potential?
- The Altrad Group, by placing people at the heart of its concerns, aims for excellence in ethical terms. What are the past and present commitments that today contribute to this ambitious goal?
- What could the Altrad Group's future commitments be (citizenship, integrity, transparency, solidarity, respect for the environment, etc.)?

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ALTRAD

ISSUES RELATED TO GROWTH

	ORIGINAL MOTIVATIONS FOR GROWTH	QUANTITATIVE AND QUALITATIVE DEVELOPMENT	COMPLEXIFICATION	WEAKENING OF THE WHOLE AND FINANCIAL LOSSES	ACHIEVING SUSTAINABLE AND PROFITABLE GROWTH
	EXPECTED RESULTS	**DIRECT EFFECTS**	**"PERVERSE" EFFECTS**	**THREATS**	**CONCRETE SOLUTIONS**
VISION/ MISSION	• Serve the company's vocation through its development • Maintain the organization's vocation and legibility	Cohabitation of different visions	• Dilution of the common goal and collective action • Vision may become less clear • Remoteness of the founder from the rest of the organization • "Ivory tower" syndrome	• Weakened culture and common goals • Difficulty mobilizing and engaging players	• Mobilization and collective intelligence • Regularly revive the joint project • Recall the philosophy and values • Communicate, exchange ideas, multiply opportunities for dialogue
STRATEGY	• Design, deploy and achieve a growth strategy able to guarantee the survival of the company • Optimize the allocation of resources, create synergies • Create value • Seek high levels of competitiveness and profitability • Rationalize and optimize, reduce costs • Strengthen operational efficiency and profitability • Take advantage of acquisition opportunities	Possible discrepancy between expected results and results obtained	• Dispersal of efforts and resources • No economies of scale • Impossibility/difficulty in achieving expected synergies • Loss of profitability and competitiveness	• Dangers of fragmentation • Impossibility/difficulty maintaining quality	• Evaluate ex ante the motivation for growth and the desired amplitude • Seek the right growth, that is optimal and ecological (respect for the ecosystem) • Plan the pace of growth and provide the necessary time • Establish a discipline of strategic prioritization • Promote quality (products, services, working conditions, relationships, etc.) • Focus on the company's core know-how • Set out the new joint project, communicate • Adopt routines to simplify the product portfolio • Develop a simplified strategy for the remaining activities
CULTURE & VALUES	• Promote the Group's culture and cause • Enable the cohabitation of cultures within the framework of reaffirmed Group values	Change in the culture of the organization	• Dilution of culture • Difficulty for companies in the Group to integrate into a new, homogeneous whole • Loss of identity	• Demotivation of stakeholders • Disaffection of employees and customers	• Respect for the diversity of subsidiaries • Appreciation of the subsidiaries' own characteristics • Take advantage of cultural differences • Reaffirm values and create adherence to the broader vision • Promote partnership governance • Establish co-responsibility management • Cultivate the mindset of the founder (rebellious spirit, front-line obsession, ownership mentality)
FUNDAMENTALS	Sustainable growth that creates value	• Increase in turnover • Possible increase in indebtedness • Change of pace with an impact on the fundamentals (acceleration of cycles, etc.)	• Turnover grows faster than internal talent • Difficulty generating the necessary cash • Loss of momentum • Possible obsolescence of the business model • Risk of "runaway effect"	• Erosion of turnover • Inability to repay debt • Too high debt interest • Losses greater than expected gains	• Identify value creation levers • Work towards implementing synergies • Eliminate unnecessary costs • Get rid of non-core assets and activities • Pool resources and skills
ORGANIZATION	• Maintain an "easy to manage" organization (maintain healthy functioning of the organization) • Optimize business processes • Preserve the agility of the organization	A qualitative and quantitative jump	• Slower innovation capacity • Destructuration • Homeostasis and bureaucratic processes • Inertia • Appearance of internal malfunctions • Distortion of information • Complexification of the decision-making process • Multiplication of layers (dilution of responsibility, dysfunctions, impediments to the decision-making process) • Multiplication of tasks/functions of debatable utility (too much reporting kills reporting) • Multiplication of standards, rules, requirements	• Loss of reactivity • Slow and inefficient decision-making process • Risk of dispersal of resources and energies • Loss of agility	• Tackle complexity in central and secondary processes • Encourage simplicity and collaboration • Systematically get rid of anything that hinders collective efficiency • Decentralization • Empowerment and freedom of action • Respect for entrepreneurship • Foster transverse management (suppleness, flexibility, adaptability) • Adapt the organization as it grows (Scalable organization) • Agile and reconfigurable matrix structure • Allow what is important to evolve (ambition, strategy, action plan) • Maintain the essentials (rationale, values, management principles) • Learn how to operate in a VUCA environment • Become familiar with paradoxical approaches • Maintain and develop organizational, relational and individual agility • Reward and authorize initiative, creativity and innovation
BUSINESS/ ACTIVITIES	Create effective and profitable synergies	• Conquering of new market shares • Setting up in new markets • Extension of the portfolio of activities & products	• Greater distance between the company and its customers • Dispersal of efforts & resources • Excessive diversification	• Loss of contact with the customers and market • Fragmentation of the customer experience • Breaks in the information chain • Unfamiliarity with the market, customer segments	• Build an integrated group • Put the customer at the heart of our concerns • Strengthen complementarity (products, services, functions, expertise, etc.)
HUMAN RESOURCES	Build an integrated group in which everyone has a place and can express their talents towards their own fulfilment and the development of the organization	• Increase in workforce • Emergence of new needs • Multiplication of social legislation and cultures	• Difficulty in mobilizing human resources • (Temporary) loss of effectiveness • Appearance of possible redundancies or duplicates • Possible draining of skills • Increased complexity of human resource management • new standards, etc.)	• Risk of compartmentalization • Loss of collective meaning • Reduced sense of security among employees and partners • Difficulty recruiting and retaining the necessary talent • In a runaway context, tension in the teams (increased hours, risk of over-investment, burnout, etc.)	• Plan upstream the key stage of the integration process • Subsidiarity • Anticipate the essential resources • Provide training and employment plans • Rationalize skills • Anticipate resistance and involve as many people as possible in the change process • Create a work environment where interpersonal relationships and collaboration can flourish • Improve understanding of what everyone is doing • Strengthen the role and power of integrators and coordinators • Expand the amount of available power (empowerment) • Increase the need for reciprocity to improve collaboration • Increase awareness of the impact of decisions (accountability) • Value helpful and help-seeking behaviour