

The excellence approach is one of the keys to the success of a company: excellence of structures and operating methods, of production and services and of employees. The goal of excellence drives an organization to grow, transform and adapt in a quest for optimal efficiency. It contributes to the success of a company, providing it with a development objective at the service of quality and a global performance process that is sustainable and motivating. As an upward movement, an ambition to surpass, it is based on a humanist philosophy where individuals and groups are encouraged to develop their potential. Deeply rooted in reality, it takes into account the contexts and capacities of people and companies.

The high standards of the excellence approach encourages the expression of talent as well as collaboration, kindness and perseverance. Its goal is to increase efficiency, expertise, reliability, control and responsibility. It is one of the foundations of trust, without which no relationship, personal or professional, can flourish in the long term.

What is excellence and success? What indicators should we use to evaluate or measure them? What are the conditions for their development? What are the choices we must commit ourselves to, given our context and the issues at stake, to create an environment of professional and organizational growth that benefits everyone?

Excellence is essential in a competitive economic environment and offers a chance for progress and achievement for each and all.

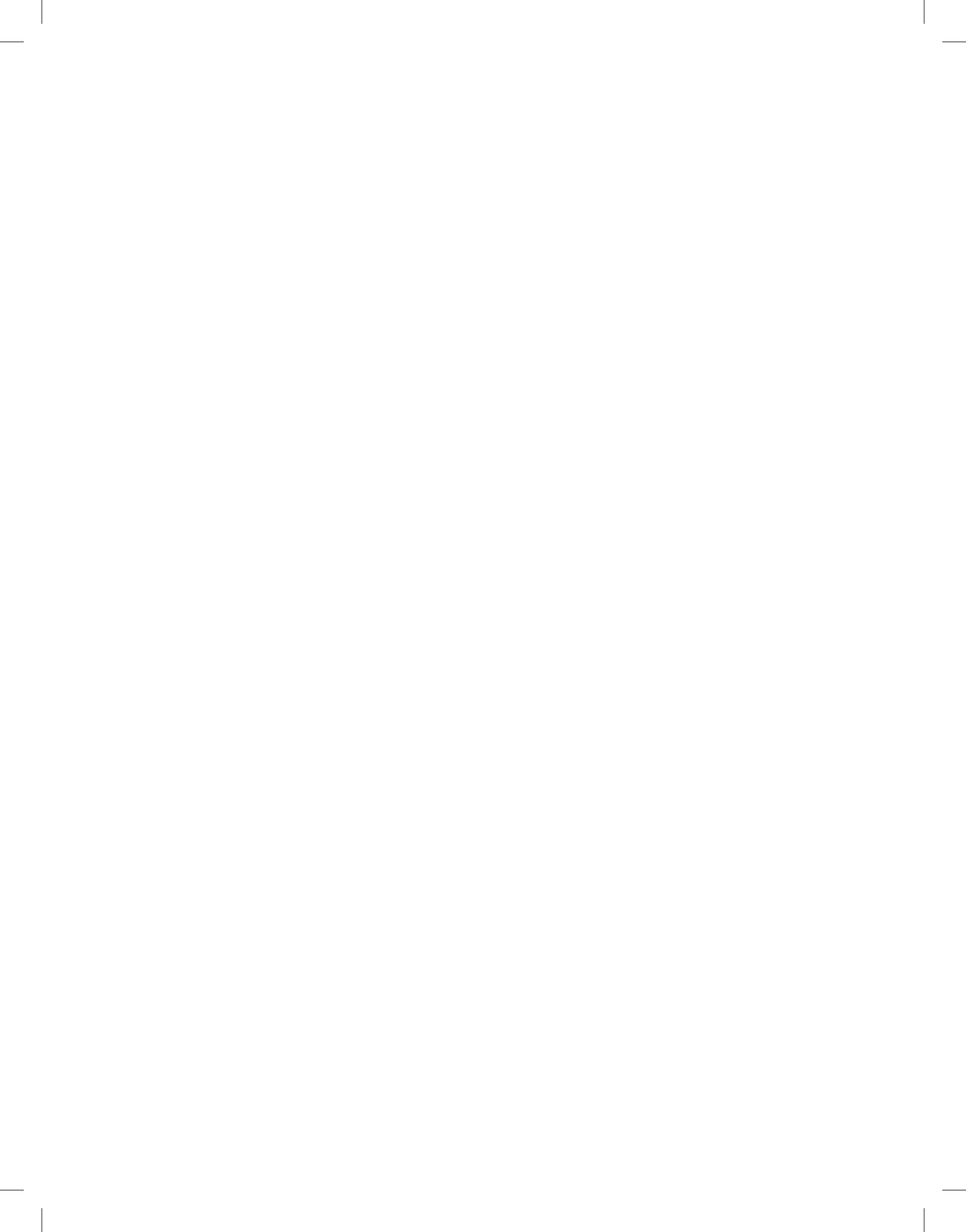
Together, Let's Dare to Excel

# Together, Let's Dare to Excel



Altrad





**TOGETHER,  
LET'S DARE TO EXCEL**



Together,  
Let's Dare to Excel

*ACTES SUD*



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## PRELIMINARY THOUGHTS

*Excellence is an art that can only be achieved through constant exercise.*

*We are what we do repeatedly.*

*Excellence is therefore not an action but a habit.*

ARISTOTLE

**A**ltrad seminars offer Group executives a wide range of opportunities: networking, exchanging views, learning, meetings with prestigious personalities, celebrations. They have become unmissable events, and perhaps above all, they offer an ideal opportunity for professional development for each individual, for the teams and for the organization as a whole.

The Altrad 2020 strategy, on which the Group embarked in 2018, aims to promote excellence at all levels of the organization. Excellence as a condition for success is not a new idea, of course. But, in our view, it remains essential. How is success evaluated, how do we measure it? Is there a common, shared definition within the Group of the notions of excellence and success, which are so familiar and yet somehow nebulous?

### **Together, let's dare to excel**

The excellence approach is one of the keys to the success of companies: excellence of structures and operating methods, of production and services and of employees.

The goal of excellence drives an organization to grow, to transform itself and adapt in a quest for optimal efficiency.

It contributes to the success of a company, providing it with a development objective at the service of quality and a global performance process that is virtuous, sustainable and motivating.

As an upward movement, an ambition to surpass, it is based on a humanist philosophy where individuals and groups are encouraged to develop their potential.

Excellence is being mindful of one's limits, without which we cannot surpass ourselves—consciously and deliberately. It is the knowledge and recognition of everything one is yet to become. It is part of a continuous improvement process and involves celebrating each of the levels of excellence achieved by an individual or a team at a specific point in their development.

Deeply rooted in reality, it takes into account the context and capacities of people and companies. At every moment in the organization's life, it provides the maximum degree of satisfaction to the actors, taking into account their individual capacities and the environment in which the business operates.

Embedded in high standards and perseverance as well as collaboration and kindness, it encourages the expression of talent and aims at efficiency, expertise, reliability, control and responsibility. It is one of the foundations of trust, without which no relationship, personal or professional, can flourish in the long term.

It implies vitality (curiosity, creativity, resilience, ability to innovate, passion), a resolutely growth-oriented mind set (the taste for new challenges), clear objectives (the sense of a personal mission that goes beyond the individual or organization to satisfy a more global vision), leadership and the kind of culture that allows these qualities to spread throughout the company.

Essential in a competitive economic environment, excellence offers a chance for progress and achievement for each and all.

Since its creation, under the impetus of its founder, the Altrad Group has stressed the importance of the shared common story—in other words, the Altrad culture—which is also a means of fostering the Group's relationship with its direct environment (internal and external) and with the world at large.

This story emphasizes friendliness, courage, humility, respect and solidarity. It also places a premium on diversity, multiculturalism, openness, ambition, perseverance, responsibility, ethics and excellence as conditions for success. These values are embodied in creative or bold practices such as agility, matrix organization, open innovation and cooperation, all of which contribute to the success of the Group and its stakeholders.

As is the case in any system, understanding and acting to promote the growth of the Altrad Group means considering it as a set of complex, interlinking and interdependent relationships, which fall into three main categories:

- Relationship to oneself
- Relationship to the other
- Relationship to the world

To envisage excellence, and thus the Group's success, we need to address all three dimensions of relationship levers and bring out professional behaviours, managerial practices and organizational modes that provide fertile ground for the emergence and maintenance of success.

It also implies weaving a common narrative of what we mean by excellence and success within the Altrad Group, in the multiplicity and complexity of the respective dimensions.

What is excellence and success? What indicators should we use to evaluate or measure them? What are the conditions for their development? What are the choices we must commit ourselves to, given our context and the issues at stake, to create an environment of professional and organizational growth that benefits everyone?

The ambition of the Altrad 2019 seminar is to initiate a profound and fruitful dialogue which will to provide conceptual, cultural and operational answers to these questions.

### Let us return to the notion of a system...

In the world of human organizations, a system is a set of people in interaction, in relationship to one another, united by a common and defined purpose. As a result, any system is teleological (oriented towards a defined common goal). At a minimum, this common goal is the survival of the system.

As a dynamic process, it develops over time, building up a story. The actors who make up the system exchange information. These interactions are so frequent and varied that they define a common belonging, a common history. This history gradually gives rise to the emergence of an identity, and what some people (already) call a culture.

Every system exists within a given context, in an environment, in an ecological setting. The context in which the system operates determines what takes place.

Any system implies the existence of boundaries that mark out its contours, i.e., an inside and an outside. These same boundaries define what the system is capable of. In more organizational terms, we talk about powers.

Every system exists as part of a narrative. A system is made coherent by the story it conveys. It exists in language. This means that the reality of an individual or a group of individuals (i.e. a system) depends on the narrative they make of it, that they make of this reality.

The most effective way to build a system is to share a secret, whatever it may be. The content of the secret does not matter. Its very existence is what is important. For a commercial organization like a company, the “secret” can be analysed as the common experience of its actors, the elements of its culture and the story they tell about it.

Any system can be made up of subsystems. For example, within the Altrad Group, there is a subsystem made up of the people who participate in the Altrad seminar. The secret they have in common is their experience during these two and a half days.

Every system manifests itself as three facets:

- A hierarchical facet

The main advantage of this verticality is that it allows decision-making.

- An equality facet

Horizontality is at the service of information exchange, insofar as everyone has the same legitimacy to act as the others. It allows collaboration, confronting different points of view and creativity. As a reminder, equality is the sine qua non of creativity, which cannot be deployed in a strictly vertical model where only one representation prevails.

- An interpersonal facet

This dimension allows bilateral exchanges in the service of proximity and intimacy.

A system is “healthy” if it meets all three dimensions equally. It should be noted, however, that the three dimensions are never stable or fixed. There is permanent oscillation, reflecting constant attempts at adaptation and adjustment.

The overdevelopment or underdevelopment of one dimension leads to a certain dysfunctionality of the system.

→ Vertical overdevelopment can lead to autocracy, totalitarianism, even dictatorship or tyranny. For an organization, this means:

- Disempowerment of its actors
- Their disengagement

- A loss of creativity
- An increased form of paranoia (them versus us)
- An impoverishment of the system, which cultivates the tendency to stick to your own group. As a reminder, a system's capacity to survive is measured by the diversity it produces and that constitutes it.

In this situation, the inner/outer boundary between the system and its environment tends to harden.

→ Overdevelopment of the equality dimension can lead to:

- Permanent confrontation or even conflict
- A weakened decision-making process
- In this situation, the inner/outer boundary tends to dilute and become more porous.

→ Finally, overdevelopment of the interpersonal dimension is likely to generate:

- Increased intimacy where "pleasure" prevails, which can lead to the multiplication of subsystems, i.e. niches with their own rights and prerogatives
- Greater manipulation, i.e. an increase of conflicting relationship games
- Increased division

In this situation, the inner/outer boundary tends to disappear in favour of interpersonal authority.

For the record, what guarantees the boundary is power. To guarantee the coherence of its boundaries, and therefore its survival, every system constantly acts according to two forces. The boundary is therefore the result of the balance between:

- Entropy: force of dissipation or disorganization of the system
- Negentropy: the organizational force of the system

Given that any system tends to dissipate (according to a model identical to that observed in the expanding universe, i.e. in disorganization), there is a permanent regulation process to allow the system to maintain itself. This regulation process is achieved by the injection of organization by the actors within the system.

It also means that any system develops energy in opposition to that injected into it. The more order is injected, the more the system responds with disorder, and vice versa. We touch here on the paradoxical side of the managerial act: one has to understand the limits of attempts at organization that mechanically generate the resistance of the system, and thus its greater disorganization.

Managerial art therefore resides in the ability of its actors—particularly those in charge of leadership and management—to activate each of the levers in order to inject what the system needs, in a given context, and according to the purpose intended.

In addition to the traditional indicators for measuring value creation, excellence can therefore be measured, like Altrad's success, according to the three following dimensions:

- The quality of the decision-making process (vertical or hierarchical dimension)
- The quality of collaboration (horizontal or equality dimension)
- The quality of employee development in terms of soft and hard skills (bilateral and interpersonal dimension)

### ... and to the notion of complexity

*Complexity is a weave  
(complexus: that which is woven together)  
of heterogeneous components that are inseparably associated:  
it raises the paradox of the one and the multiple.*

In the 1950s the so-called “soft” sciences were faced with the following conceptual difficulty: how to describe phenomena that escape the dominant model based on the principle of linear deterministic causality?

Introduced in the 17th century with the publication of René Descartes’ *Discourse on the Method*, analytical thinking has long prevailed and continues to impose itself (at least in part) as the chosen reference framework for interpreting reality.

The analytical, reductive methodological approach consists in simplifying a complex problem by reducing it to its constituent parts. The aim is to use this simplification process to make intelligible that which, when seen in all its complexity, remains unintelligible.

A simplified linear vision is likely to have a mutilating effect. It fails when we try to implement it to understand and act in our complex world, that is to say a world that is increasingly uncertain and unexpected. It has become necessary to change the framework, the paradigm.

Indeed, the complex contains a multitude of interwoven, interacting entities, organized in a recursive way and whose behaviours are unpredictable. Moreover, in any system there are unknown elements, which in itself (also) qualifies complexity. By virtue of the axiom or postulate “*I don’t know what I don’t know*”, any action on complexity (i.e. acting within a complex system) is itself highly complex.

According to some, three principles can help us to think about complexity:

- dialogic, which makes it possible to maintain duality within unity. The dialogic principle combines two complementary or antagonistic terms.
- organizational recursion: “the recursive process, products and effects are both the causes and producers of what produces them”
- the hologram principle: “Not only is the part in the whole, but the whole is in the part.”

Every system has four fundamental properties:

- Holism: The whole is more than the sum of its parts
- The principle of equifinality: The same things can produce different effects and different causes can produce the same or similar effects. This means that the search for causes to account for a phenomenon is futile. If we consider that a phenomenon is the result of an intertwining of causal chains, we have to recognize the impossibility of embracing all the factors that produced the phenomenon or of trying to isolate—in simple, theoretical terms—the factor(s) that decisively led to its occurrence
- The principle of feedback: Relationships are thought of in an iterative and retroactive, non-linear way. Causes produce effects that in turn retroactively affect causes, etc.
- Homeostasis: Any system is, by nature, in homeostasis insofar as it seeks to maintain its balance through regulatory mechanisms. This means that from the point of view of transformation, no change can be considered independently of the resistance (to the same change) that it mechanically generates.

More generally,

→ **Complex systems are composed of entwined elements**

“What is complexity? At first sight, it is a quantitative phenomenon, the extreme quantity of interactions and interferences between a very large number of units.”

→ **Complex systems carry uncertainty and unpredictability**

“But complexity does not only include the quantity of units and interactions that challenge our ability to calculate; it also includes uncertainty, indeterminacy, random phenomena. Complexity in a sense always has to do with chance.

“Thus complexity coincides with a degree of uncertainty, either by taking our understanding to the limits (“I don’t know that I don’t know”), or as part of the phenomena.

“The difficulty of complex thinking is that it has to face the clutter (the infinite game of inter-feedback), the inter-solidarity of phenomena, fuzziness, uncertainty and contradiction.”

→ **Complex systems carry contradictions and allow different logics to coexist**

“What is complex on one hand belongs to the empirical world, to uncertainty, the inability to be sure of everything, to formulate a law or to conceive absolute order. On the other hand, it is also a question of logic, i.e., the inability to avoid contradictions.”

In a complex approach, a contradiction does not indicate an error, but the attainment of a deeper level of reality that cannot be translated by our logic.

→ **Complex systems assume a reality that is always perceived as unfinished and incomplete**

“Complex thinking is driven by a constant tension between the desire for knowledge that is not fragmented, compartmentalized, or reductive, and the recognition of the incomplete and unfinished nature of all knowledge.”

→ **Complex systems contain order and disorder**

“The universe is a cocktail of order and disorder, organization and disorganization, harmony and divergence. At any time, cohesive forces and antagonistic forces coexist in living systems.”

Order is about predictability, regularity and stability. Order is “everything that is repetitive, constant, invariable, everything that can be placed under the heading of a highly probable relationship, framed in dependence on a law”.

Disorder is “everything that is irregular, that deviates from a given structure, that is random or unpredictable”.

Life cannot appear or remain frozen in a totally ordered system, nor in a totally chaotic, unstructured system. It emerges as a combination of the two. “In a perfectly ordered world, there would be no innovation, creation or evolution. There would be no living or human existence. Likewise, no existence would be possible in complete disorder, since there would be no element of stability on which to found organization.”

→ **Complex systems are self-organizing**

By producing something, a living system produces itself.

If the purpose of a business is to produce a product or service and thereby generate profit, it adopts a system of organization, an identity, a project that together exceed the actual goods produced. It is self-organizing. Self-organization implies autonomy, individuality, rich relationships with the environment, learning skills, inventiveness and creativity.

One of the ways in which the human brain exceeds the computer is its ability to work with insufficient and blurred information, but also its ability to forget. The strength of a living organization therefore lies in its freedom and creativity, which are necessary prerequisites for adaptation.

### → Open and closed systems

Living systems (like companies) are systems whose existence and structure depend on an external supply i.e. material/energy as well as organization/ information.

The system is said to be closed when there is no exchange with the outside. It is in a state of equilibrium.

If the system is alive, its constancy does not depend on balance (i.e. zero exchange), but on the imbalance that it maintains with the outside (i.e. exchanges with the outside). The absence of these exchanges leads to organizational disruption and rapid decline.

In other words, imbalance (i.e. the exchanges that a company maintains with its environment, its context) allows it to maintain an apparent equilibrium, i.e. a state of stability and continuity. If the system is closed, closed to these exchanges, it withers away.

Paradoxically, the company has to enclose itself in order to maintain its structures and components. The paradox is that this enclosure, that is to say its autonomy, depends on its openness.

Two consequences of the idea of an open (or living) system:

- The laws of organization of living things are not laws of balance, but of imbalance.
- The system, to be understood, cannot just be considered in itself, but in its relationship with the environment. In other words, to understand a business, one must look not only at its constituent elements (and their relationships to one another: the men and women who compose it, the tools, etc.) but also at the relationships it maintains with its context

The close dependency of any open or living system on its environment (and vice versa) gives it a co-organizing role.

In other words, the context defines the business (and vice versa).

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*Together, Let's Dare to Excel*

**To be continued**

First proposals for the organization of the Altrad 2019 seminar, based on the most recurrent and convergent feedback provided at the end of the 2018 seminar.

**BUILDING AND MEASURING  
EXCELLENCE**

**“A roadmap to success and value creation”**



## SUMMARY

Over the past 30 years, we have developed a unique management structure, a strong brand, enviable financial results, clear values, a bold growth strategy and a vision for 2020+.

In order to continue the Altrad human adventure and take it to the next level, we must continue our journey towards excellence.

To achieve the level of excellence envisaged, it is up to us to define clear and measurable objectives that can guide our actions, analyse, measure, adjust or even redefine them.

Three questions strike us as crucial:

1. What elements do we consider essential to take into account to ensure Altrad's growth?
2. How can we assess these elements?
3. How can the evaluation of these elements contribute to their improvement and not be limited to a simple measure?

The purpose of this text is to define the framework that can collectively support Altrad's leadership and guide the Group's management towards defining these objectives, the associated performance indicators and their implementation.

We are asked to consider our objectives 1. initially through as objective a prism as possible (thinking outside our usual patterns, without limits or constraints) and 2. also through a more subjective, realistic prism in order to confront them with the organizational, financial, human or other limits and realities that are imposed on us.



## INTRODUCTION

The Altrad Group places excellence at the heart of all its activities and at the heart of its Altrad 2020 strategy. What is the purpose of excellence? In what way is it relevant to think of the organization, its activity and its actors in terms of excellence?

At Altrad, excellence is seen as a means to achieve multiple objectives and ambitions, including:

- Customer satisfaction
- The Group's performance and competitiveness
- The safety of property and people
- The growth of individuals, teams and the company

The excellence approach is understood as one of the keys to the Group's success: excellence of structures, operating methods, production, products, services, leaders, employees, etc.

Commonly defined as the "Eminent degree of perfection that a person or a thing has of its kind" and presented as synonymous with "perfection, superiority, elevation", excellence is nevertheless a concept that is somewhat difficult to define, as are those of quality, performance and success.

Is it possible to separate definition and evaluation (or measurement)? Each of the above concepts must not only be understood in terms of its definition, but also in terms of the coherence between what is being measured, evaluated and estimated on the one hand and the specific and particular objectives of the organization on the other.

A common, shared definition and understanding of these concepts is essential. One way to achieve this is to agree on what we are trying to measure, i.e. on the indicators that can show 1. the satisfaction of the said criteria at a given time T and 2. the progress towards the satisfaction of these same criteria over time (we will speak here of reaching towards a predefined or evolving level).

All this serves to underline the fact, should we need to be reminded, that quality, performance, excellence and success can be assessed both statically (a snapshot, at a given moment, assessed against a benchmark or indicator) and dynamically (a continuum of progress towards a stated objective).

We need to start by identifying the Group's objectives in terms of quality, performance, excellence and/or success.

Secondly, the relevant indicators for measuring or evaluating the above-mentioned objectives need to be identified and selected.

Three interrelated points of view are involved in measuring these concepts:

- **Stated objective: desired quality**

The point of view of the desired quality, performance, excellence or success that are contained and announced in the objectives targeted and adopted by the Group

- **Result obtained: quality achieved**

The point of view of the quality, performance, excellence or success **achieved** as they materialize during their development and implementation and via the means, resources and actors involved, the results obtained and effects induced

- **Subjective assessment: perceived quality**

The point of view of **perceived** quality, performance, excellence or success, that is, as felt by the beneficiaries and recipients, i.e. consumers, users, customers and any other recipients

These three points of view deserve to be an integral part of any quality measurement and evaluation process. In other words, they should be considered and applied to each of the compliance links of the ideal quality model under consideration.

On this last point, that of ideal quality, it is no doubt necessary to examine the relevance of an ideal objective, determined in an objective way and disconnected from the reality of the Group. It may instead be preferable to consider the most likely quality, which takes into account Altrad's environment.

Does this mean that ambitious objectives should be abandoned? Not at all, but the proposal is not to go beyond the context or to deny it. It is an invitation for improvement that is both 1. ambitious—capable of inspiring and growing—and 2. realistic, in order to avoid frustrating, undermining or even endangering the people and the organization.

From this point of view, the Group is the entity best able to define its promising goals, by and for itself, and to assess their quality or level of success, taking into account the resources invested and what can be achieved in the physical, technical, financial and social context, for a given category of customers.

This leads to a concept of overall quality or excellence, which revolves around nine specific components, namely:

- **Relevance**

“Relevance is defined as the link of compliance between the objectives pursued by the institution and the needs to which it must respond.

“Need is always defined in relation to a lack. [...] In other words, the need is the difference between the situation as it stands today and what it should be.

“In the more specific case of quality measurement, need could be defined as ‘the difference between a desired or normally accepted standard, relating to an action, situation, position or object and what that action or object is in reality’. (Plante, 1982) Relevance can only be measured when needs and objectives are clearly defined, from the most general to the most specific.”

- **Coherence**

“Coherence is defined as the compliance or the logical and harmonious relationship between the various elements that make up an institution. Since the institution’s objectives are judged in accordance with the needs it is intended to respond to (relevance), the other components of the institution must come together and work to achieve them.”

- **Appropriateness**

“Appropriateness is defined as the compliance between the various components of the institution and the constraints to which it is subject. [...] Measuring the appropriateness of an institution or one of its parts means establishing the points of compliance between the institution and the constraints it is obliged to respect. These conditions may be financial, physical, cultural, psychological, intellectual, political, social or other.”

- **Effectiveness**

“Effectiveness is defined as the compliance between the objectives of the institution and the results actually achieved. In other words, it can be considered as an expression of the degree of achievement of the objectives actually pursued. It can also be considered as the number of objectives actually achieved among the objectives pursued or from both points of view at the same time.”

- **Sustainability**

“Sustainability is defined as the compliance between an institution’s objectives and the sustainability of the results achieved. This is a kind of sub-dimension of effectiveness. While the latter involves the results immediately attributable to the establishment in relation to the objectives pursued, sustainability, because it is an extension of effectiveness, is concerned with the permanence of these same results.”

- **Efficiency**

“Efficiency is defined as the compliance between the resource savings achieved and the degree to which the objectives are achieved.

“An institution with proven effectiveness is considered efficient if it can meet any of the following conditions:

- Increase the degree of achievement of objectives without increasing the resources allocated in the operations to achieve them.
- Decrease the resources allocated in the operation without reducing the degree of achievement of the objectives.”

- **Performance**

“Performance is defined as the compliance between the human potential of an institution to achieve its objectives and the results actually achieved.”

- **Impact**

“Impact is defined as the compliance between the results attributable to the institution, but not explicitly targeted, and the social, economic, societal, physical, psychological and other requirements of the environment in which the institution operates and interacts.”

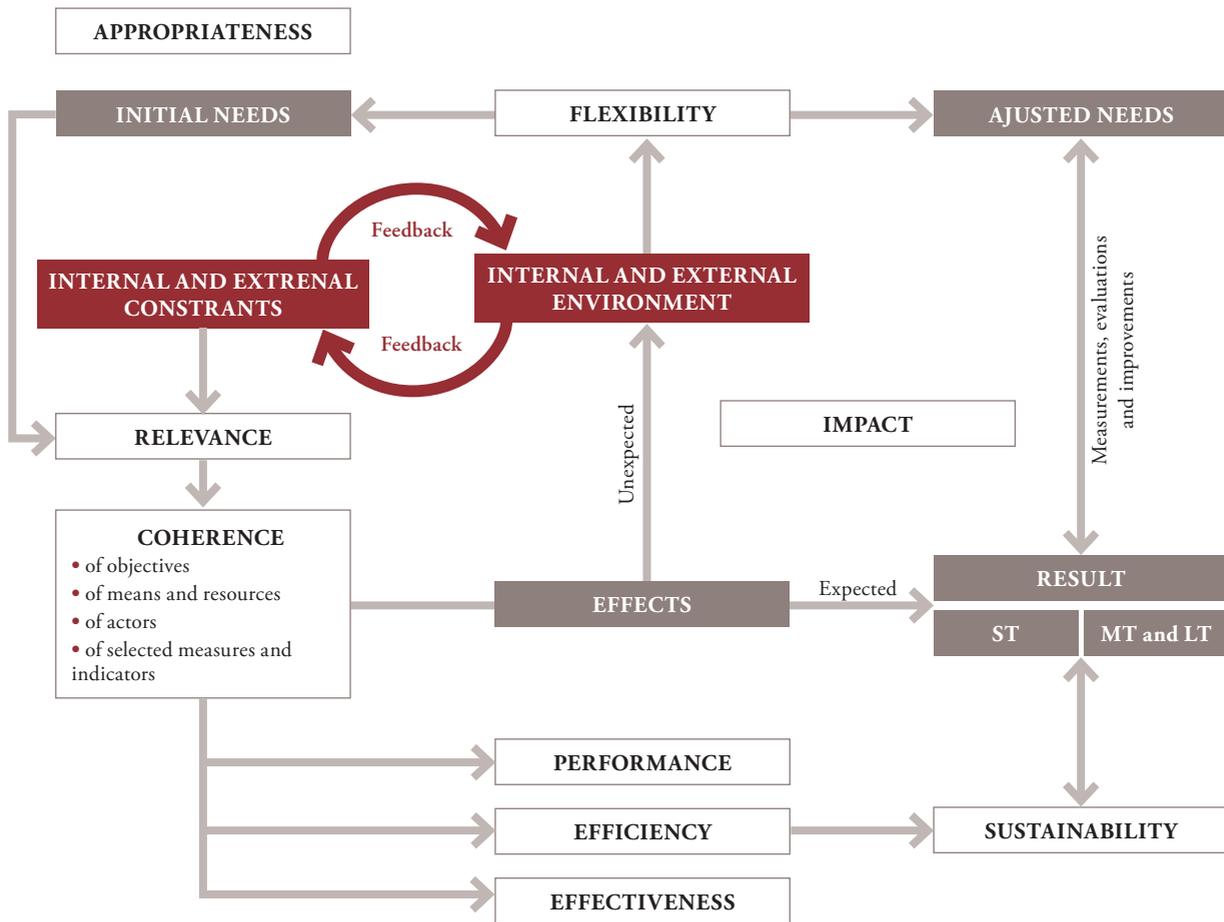
- **Flexibility**

“Flexibility is defined as the compliance between an institution’s capacity for improvement and the areas where improvements are needed within the institution.

“This quality makes the measurement of other qualities useful for decision-making.”

The diagram below illustrates the relationships (and feedback) that exist between these different components and integrates them into a dynamic, and therefore changing, environment.

**Components of quality and continuous adjustment cycle**



Source: inspired by Jacques Plante and Chantal Bouchard.

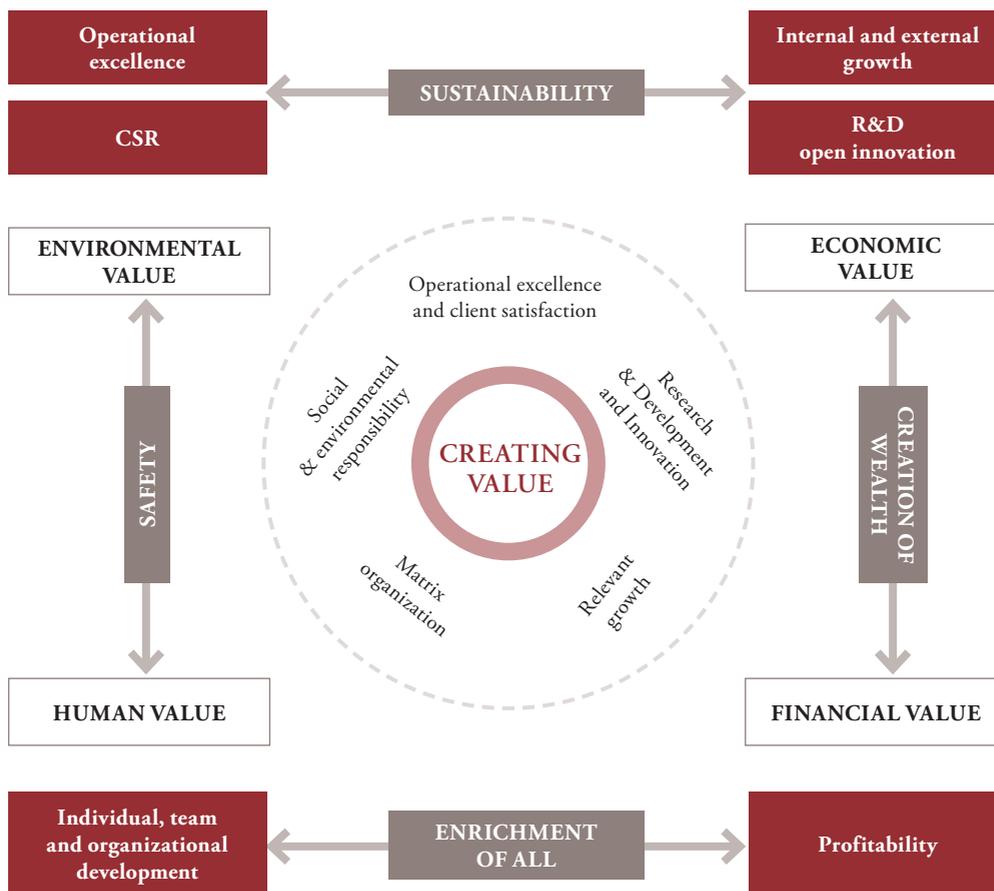
Whatever the objectives and indicators chosen, they should be evaluated, individually, and in terms of their relationship with one another, in the light of these nine meta-criteria of quality or excellence.

Indicators are the basis for analysing the quality status of a company, team, product or service. Their choice is strategic in that it has a decisive impact on decision-making as well as on the Group's orientation and performance.

Necessarily related to Altrad's objectives, they must allow an appropriate and relevant evaluation, which can be carried out under the best conditions of cost and man hours. One of the pitfalls to avoid is the setting up of an inadequate, complicated and time-consuming dashboard to feed into and maintain. The simplicity, readability and suitability of "measuring instruments" seem to be the most important factors here.

Finally, the notions of quality, excellence and success cannot be dissociated from the notion of value creation. As a sign of the Group's originality and perhaps also of its somewhat pioneering nature, we envisage the concept of value creation beyond the restrictive, traditional definition found in financial and managerial literature.

It is a question of understanding it in a more holistic, more global dimension, and therefore of rethinking the *raison d'être* of companies as vectors and actors of multiple enrichments within society, as illustrated by the following diagram:



Convinced that the Group's growth and profitability cannot be achieved without the development of its employees, nor without the continuous improvement of its organizational methods and offers in order to satisfy its customers, the Altrad Group is committed to a total value approach, designed and conceived as a privileged space for enrichment, responsibility and respect.

The Altrad 2020 strategy highlights five pillars to support the group's development, growth and success:

- Operational excellence
- Social and environmental responsibility
- The relevance of investments
- Research & Development and open innovation
- Matrix organization

The notion of excellence cuts across these five dimensions. We propose today to evaluate it through the lens of value creation, itself assessed in the light of four main interdependent and closely linked categories:

- The creation of human value
  - Organizational excellence
  - Managerial excellence
  - Personal professional excellence
- The creation of economic value
  - Operational excellence
  - Development excellence
  - Excellence in innovation
- The creation of environmental value
  - CSR policy
- The creation of financial value
  - Financial rigour

The diagram below identifies the main areas of value creation and the construction of excellence for each category.

Although presented separately and distinctly (for ease of identification and reading), we must bear in mind that these areas are interconnected. Any action taken at one level has an impact on the entire structure.

Each type of value creation has a specific purpose, and vice versa:

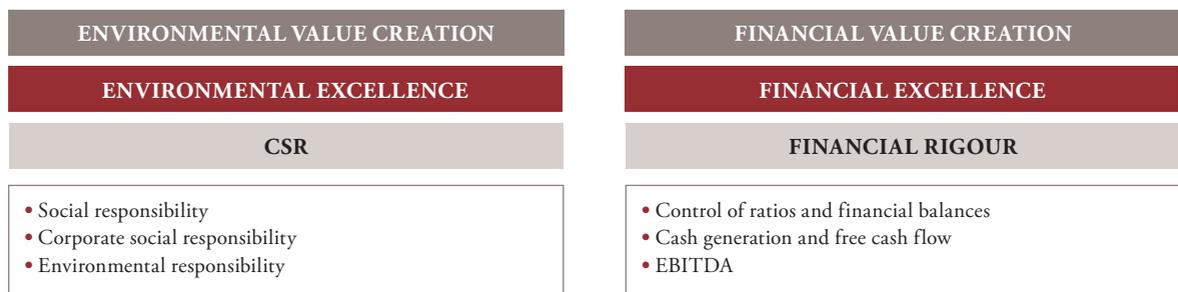
- Creation of human value ↔ Engagement
- Creation of economic value ↔ Way of doing things (empowerment of people and of the organization)
- Creation of environmental, societal and social value ↔ Ethics, responsibility and safety
- Creation of financial value ↔ Sustainable profitability



**ENGAGEMENT**



**CUSTOMER SATISFACTION**



**ETHICS**

**SUSTAINABLE PROFITABILITY**

**ALTRAD KNOWLEDGE MANAGEMENT & HIGH PERFORMANCE MODEL**



*Together, Let's Dare to Excel*

Value creation and the construction of excellence are based on developing the skills of the entire organization and its stakeholders. To this end, Altrad intends to structure and disseminate its new model of excellence—the Altrad Knowledge Management & High Performance Model—through the implementation, deployment and/or further development of a global programme based on four main areas: the Altrad Academy, the Altrad Career Path, the Centres of Excellence and the Altrad Seminars.

## EVALUATING EXCELLENCE

*What gets measured gets managed.*

PETER DRUCKER

Choosing what we want to measure—in this case excellence—and how we want to measure it (tools, indicators, frequency, interpretation of results, etc.) is part of the very definition we give to excellence. Indeed, we may consider that it is through the choice and selection of criteria for evaluating excellence that it is defined, since the attention is focused on what seems relevant.

Each organization is specific. And although there are indicators or benchmarks whose use is widespread and almost universal, reference to the Group's own measurements seems to be appropriate, in that it makes it possible to qualify Altrad's specificity and to portray the uniqueness of its business model.

The notion of excellence can be defined a priori and in absolute terms (the theoretical ideal we are trying to achieve) and in relative terms (the potential gap between this ideal and the result obtained), but it can perhaps be assessed above all in its relational dimension.

This relationship is based on:

- a spatial axis: taking Altrad's specific environment into account in defining the desired objective
- a time axis: measuring the evolution of this gap over time and assessing the movement of progress, of moving towards excellence following the dynamics of continuous improvement.

Excellence can be assessed in quantitative and qualitative, static and dynamic terms, depending on the areas being measured. While some aspects can easily be quantified, others are more resistant to quantification. So how can we integrate into Altrad's equation of excellence that which cannot be easily measured, but which nevertheless undeniably contributes to the organization's success?

The following pages are intended to provide initial answers to these preliminary questions and to provide as exhaustive a mapping as possible—to date—of the construction and measurement of excellence within Altrad, an excellence that is seen as the cornerstone

of global value creation, which is as much a condition as an illustration of the Group's success.

They are also the first steps in a joint reflection. We invite you to join us in defining Altrad excellence and its evaluation methods.

## PRELIMINARY DEFINITIONS

There are numerous instruments for measuring and evaluating performance. They concern all sectors and dimensions of a given activity. There are an impressive number of them to measure business intelligence, customer relations (CRM), resource planning (ERP), logistics, human resources management, the financial health of the company. There are hundreds or even thousands of them, not to mention the ad hoc indicators specifically created for the particular needs of an organization, making it all the more difficult to choose between them.

The choice of instruments is essential since, as indicated above, they will determine the very definition of what is called excellence within the Altrad Group. They need to be relevant and matched to the reality of our activities, and to their further development.

We propose here to divide them into four main categories:

- Key performance indicators or KPIs
- Measurements or metrics
- Comparisons or benchmarks
- Continuums of progression and evolution

EVALUATE AND MEASURE QUANTITATIVE PERFORMANCE	
KEY INDICATORS OR KPIS	METRICS
Instant measurement	Overall measurement
Quantified performance indicators in order to monitor the effectiveness of an action in relation to defined objectives. These are generally closely linked to the company's business and reflect the impact of this activity on the market (see metrics).	They fall into two main categories: <ul style="list-style-type: none"> <li>• Activity metrics that measure the activity of the company or one of its subdivisions</li> <li>• Impact metrics that measure the impact of actions and decisions on the market</li> </ul>
EVALUATE AND MEASURE QUALITATIVE PERFORMANCE	
BENCHMARKS	CONTINUUM
Comparative measurement	Progressive measurement
Process for comparing the performance of the company or one of its activities in order to identify keys to improving current practices	A grid describing the different stages of an individual's or practice's progress to place them on a continuum from unmet requirements to excellence

## QUANTITATIVE AND QUALITATIVE DASHBOARD

All these indicators can then be integrated into one or more dashboards to enable regular monitoring.

Indicators are a complementary means of objectification to measure the gap between objectives and current status, to assess and understand what works and what does not, and to allow corrective actions and operational and strategic decisions to be taken more quickly.

The development of effective and relevant measurement tools and instruments capable of reporting on the activity in all its dimensions, its results and evolution must be a considered process and the result of a detailed examination of needs.

To measure the effectiveness of actions and decisions taken in relation to the Group's objectives and strategy, as tools to manage the activity, evaluate it, and analyse its comparative positioning in relation to competing activities, indicators, whatever they may be, provide information only on what they are supposed to provide information about. Their choice is therefore critical because any indicator excluded from its scope, by definition, by essence and mechanically, anything that it is unable to evaluate or measure.

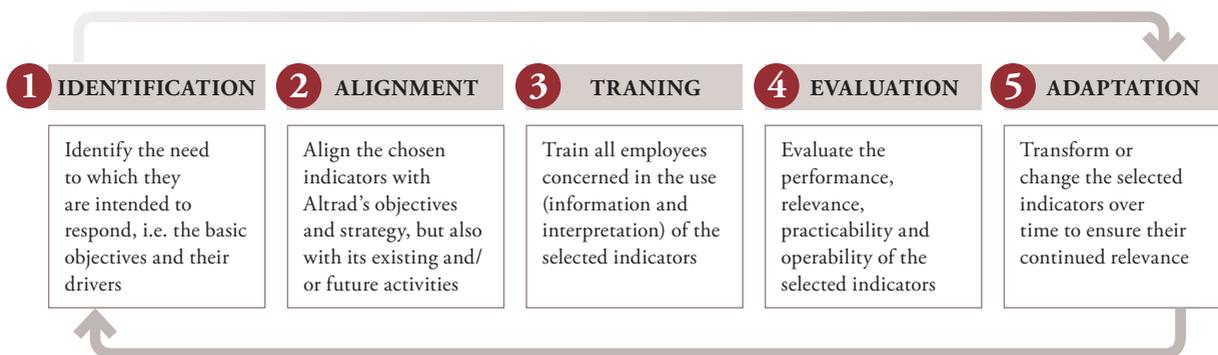
In other words, the choice of appropriate and meaningful indicators must be carefully considered in terms of what we are trying to measure, evaluate, manage and monitor. Once defined and adopted, they become the company's focal point for monitoring performance through this original lens, or even for standardizing its practices. From this point of view, particular attention should be paid to using common standards in contexts that are difficult to compare.

In the process of selecting the evaluation criteria, four types of fundamental questions must be answered:

- What exactly are we trying to measure? What should we focus on?
- Who will be in charge of the measurement? Who collects, informs and analyses the data?
- What is the relevant time interval between each measurement? How often is data collected?
- How often should analysis, review and reporting of results to leadership be conducted?

The diagram below illustrates the process of selecting, monitoring and continuously adapting the relevant indicators identified for Altrad.

**Process of selection, monitoring and continuous adaptation of relevant indicators for Altrad**



In this area too, agility and flexibility are essential.

As mentioned above, there are many examples of existing indicators. We recommend that a relatively condensed number of indicators be adopted initially—and subsequently expanded—to avoid the excessive quantification of an activity, which could lead to 1. monitoring exponential amounts of data that threaten their readability and use, and 2. multiplying time-consuming reporting activities that have no real impact on improving the activity and the search for excellence.

In this area too, the best can prove to be the enemy of the good.

The approach we are currently taking is to jointly identify, or create, relevant and innovative indicators to build and measure excellence specific to Altrad, capable of reporting not only on its activity, the differences between the results obtained and the quantitative and qualitative objectives we seek to achieve, but also on the existing margins for progress that must be satisfied to ensure the Group's stability, growth, sustainability, excellence and success.

## WHAT DO WE WANT TO MEASURE?

To question what we are trying to measure is to explore the factors that drive Altrad's success.

The criteria of excellence mentioned above can be split into two main categories:

- The performance of the organization
- The performance of individuals

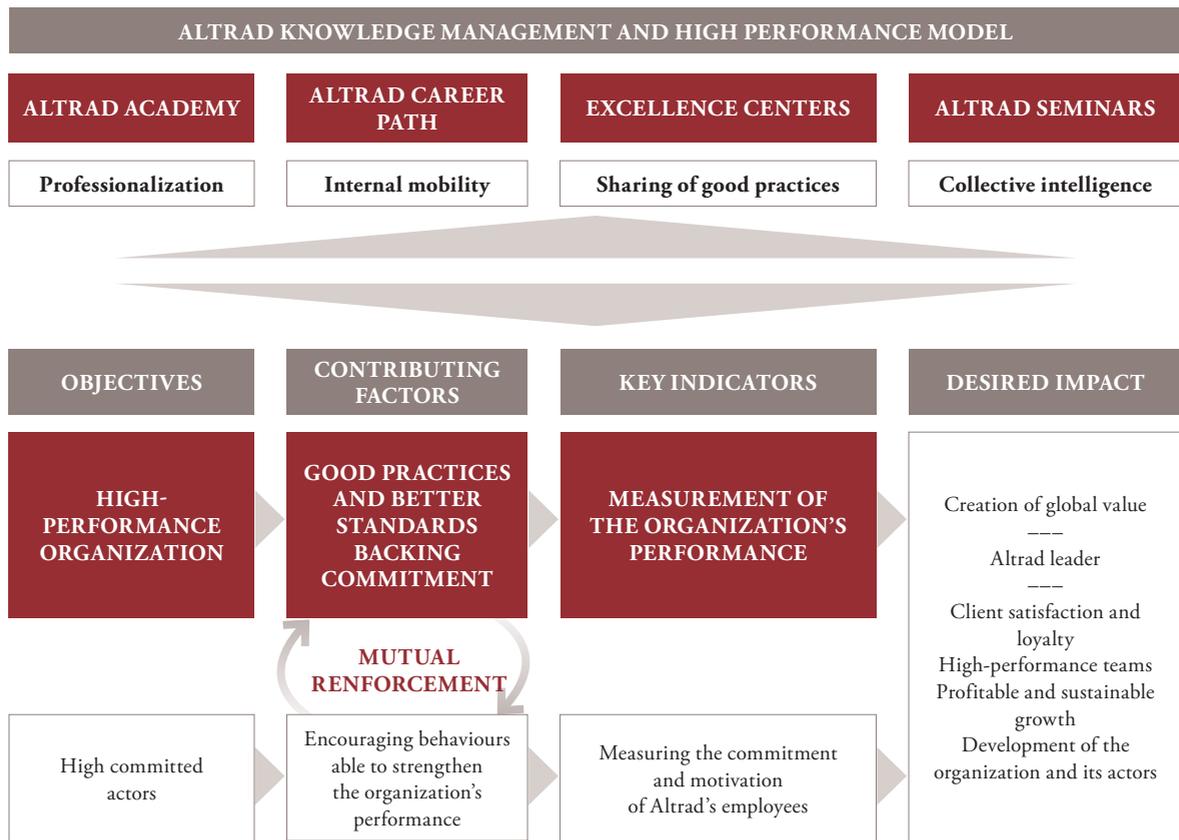
The *Altrad Knowledge Management & High Performance Model* intends to focus on all these factors that contribute to Altrad's success and overall value creation, namely:

- Practices and behaviours that generate performance and build global excellence
- The mechanisms for disseminating and sharing these practices and behaviours throughout the Group (Altrad Academy, Altrad Career Paths, Excellence Centres, Seminars)
- Key indicators to assess the influence of these practices, behaviours and mechanisms in terms of quality, performance and excellence
- Expected results (impact) and their continuous evaluation (with a view to possible adjustment of practices, behaviours and mechanisms along the lines of self-learning organizations)

It is about creating the conditions:

- for multidirectional communication
- for virtuous exchanges of information, practices and behaviour

to ensure 1. the match between responsibilities and authority at all levels, 2. the presence of information, where it is used (the right information at the right place) and where it is decided upon, and 3. the smooth transmission of knowledge and expertise in order to enhance the level of individual and collective skills.



The four pillars of Knowledge Management that could be constituted by the Altrad Academy, the Altrad Career Path, Altrad Centres of Excellence and Altrad Seminars, which are available in all parts of the organization, are all relays at the service of these multidirectional communications and transmissions, the cornerstones of the construction of excellence.

The matrix organization and the Altrad Knowledge Management & High Performance Model are the means to Altrad's success.

It will be necessary to measure how these resources contribute to the Group's success. Their impact will be felt at all levels of the value chain: human, economic, environmental and financial.

Retroactively, these measures will make it possible to adapt and adjust the Altrad organization and model to ensure their relevance in the value creation process.

As a first step, we propose to focus our efforts on:

- creating human value by measuring the ongoing professional development of the Group's employees and their level of engagement
- creating economic value by measuring customer satisfaction (including their loyalty to the Altrad brand) and the quality of products and services (including the innovative nature of our products and services); in the long term, the quality of the Group's growth may be included in this measure

*Together, Let's Dare to Excel*

- creating environmental value
- creating financial value by monitoring and managing a number of key financial data sets.

At this stage of our thinking, we would like to present some initial examples of indicators whose relevance and suitability for the Altrad Group's activity, culture and ambition we propose to assess.

## CREATING HUMAN VALUE

*Evaluate and increase the professional development and commitment of the Group's employees*

The company cannot be sustainably and financially efficient unless it is also efficient in human, social, societal and environmental terms.

The notion of global value implies that the company is approached in a holistic way and that the notion of a single purpose (creation of financial value for the benefit of shareholders) is replaced by that of multi-purpose. The first thing that this principle implies is that there is no single way to assess Altrad's performance, but rather a series of indicators applied to all the Group's business areas.

We believe that the creation of human value—understood in a broad sense—is a prerequisite for the creation of economic and financial value. Altrad's skills (know-how), initiative, autonomy, motivation (willingness to do), commitment, communication and training (make-known), the adaptability and creativity of its men and women are key to its success.

This document places special emphasis on the creation of human value, the key to the success of the Altrad 2020 project.

Creating human value requires an understanding of three distinct, but nevertheless interdependent, levels of relationships:

- the relationship of the individual to the organization and of the organization to the individual
- the relationship between the individual and the team and vice versa between the team and the individual
- the individual's relationship to himself/herself.

In other words, as is the case in any system, understanding and acting to promote the growth of the Altrad Group means considering it as a set of complex, intertwined and interdependent relationships, which fall into three main categories:

- Relationship to the world
- Relationship to the other
- Relationship to oneself

Envisaging excellence, and consequently the Group's success, requires addressing these three dimensions of relational levers and bringing out professional behaviours, managerial practices and organizational modes that can provide fertile ground for the emergence and maintenance of success.

The theme of engagement seems to us to be fundamental here.

It should be recalled here that five fundamental trends permeate the world of organizations:

- **Economic change**

As a result of the development of a service economy (now economically prevalent in many parts of the world compared to the manufacturing industry), knowledge-based work is replacing other more traditional forms of labour. This is true even in the manufacturing industry, but even more so in the service industry, where the need for sophisticated means of collecting, processing and sharing information has become more crucial.

- **Organizational change**

The flatter and more non-hierarchical an organization is, the more everyone's contribution to the success of the whole comes through high value-added tasks performed by "pivotal" employees. In this type of organization, multidirectional communication (lateral, bottom-up), needs to complement the more traditional top-down communication. The challenge is 1. to engage everyone in a logic of co-responsibility, co-construction and high commitment and 2. to remove barriers to the smooth and efficient flow of information necessary to achieve the objectives.

- **Global change**

In a globalized, mixed and mobile world, teams are more diverse and dispersed. Navigating within an environment that is culturally and geographically multiple and plural is associated with higher level of complexity. Therefore, it is essential to promote smooth and respectful interactions that reflect this complexity. Meeting such a challenge requires technical or technological solutions (communication tools, information and knowledge sharing, etc.), but also team development (increasing relational skills).

- **Generational change**

The arrival on the labour market of younger generations (generation Y, soon Z, millennials) often expecting equal relations (equality in difference) shakes up the relationship to authority figures and modes of communication. The main outcome is the need to adapt team managers' communication methods.

- **Technological change**

As networks emerge and are deployed, instant connection becomes the norm. Instantaneous, sometimes more informal and direct exchanges modify the operational communication mode within teams. The organization must be able to create the conditions for greater responsiveness to its internal customers, but also to its market.

Altrad is no exception. One of the challenges facing the Group is the complexity of its organization, its size, its geographical dispersion and internal disparity in terms of the development of the entities that make up the Group.

While the creation of human value at Group level means adopting common methodologies, solutions and principles, it must also take into account the disparities that exist within the Group:

- Disparities in terms of activities
- Disparities in terms of cultural and economic environments
- Disparities in terms of the development and maturity of subsidiaries and employee.

Therefore, it seems essential to us to use an approach that is differentiated, homogenized and managed 1. globally and 2. locally. This requires the translation of the meta-principles adopted at Group level into more personalized principles at the regional, PU and subsidiary levels.

In concrete terms, what do we advocate? Creating the conditions for strong engagement by promoting organizational excellence, intrinsically linked to managerial (leadership) and personal (knowledge, know-how, interpersonal skills) excellence.

The contributions you have recently shared provide an overview of multiple developments and outline areas for adaptation and progress for Altrad, as summarised in the table, on the following page.

### **Evaluating the creation of human value: some first indicators**

The purpose is to measure, evaluate and assess the impact of the changes we plan to implement on the quality of the work performed, the degree of customer satisfaction and Altrad's overall performance.

Once we have more precisely defined what we call excellence and the creation of human value, we will be able to choose the relevant indicators to report on the achievement of our objectives.

We will therefore have to ask ourselves questions and agree on:

- what we are trying to measure (quantitative data) and evaluate (qualitative data)
- the study time window (month? quarter? year? multi-year cycle?)
- the most effective means of collecting, centralizing and analysing data
- the decision-making processes to be set up or adjusted in order to increase the Group's level of responsiveness following observations and analyses carried out.

Several indicators and processes are possible, among which you have proposed or supported:

- a satisfaction and commitment survey conducted (annually?) among all Group employees
- the implementation of 360-degree evaluation processes
- the translation of the amounts invested in human value creation into the Group's performance
- analysis of the causal (or inference) relationship between the amount invested in HR development and customer satisfaction.

## Diagnostic elements and areas for creating human value

OBSERVATIONS	CONSEQUENCES	AREAS OF VALUE CREATION
<p><b>Evolution of the environment</b></p> <ul style="list-style-type: none"> <li>• Explosion of knowledge and know-how leading to the dynamic and innovative evolution of our customers' expectations</li> <li>• Digitalization of the world and of communication</li> <li>• Increased complexity of the managerial function as a result of 1. cultural and generational diversity, 2. the modified relationship to authority, 3. greater mobility of people, 4. the need for rapid, large-scale adaptation to a constantly changing context</li> <li>• Employee engagement and motivation are now largely dependent on the attractiveness of personal development programmes and career paths</li> </ul>	<p><b>Impact for Altrad</b></p> <ul style="list-style-type: none"> <li>• Requirement for Altrad and its employees to master new skills, from training to field experience and life-long learning</li> <li>• Need for Altrad to further digitalize its processes and communication methods</li> <li>• Importance of supporting Group managers in acquiring and developing new managerial and leadership skills</li> <li>• Enhance Altrad's attractiveness if the Group is to be able to offer attractive, stimulating and ambitious professional growth prospects</li> </ul>	<p><b>Greater investment in HR</b></p> <ul style="list-style-type: none"> <li>• Make managerial and personal excellence a common objective in the service of creating global human value</li> <li>• Invest in Human Resources and people training. Focus on individual and collective excellence</li> <li>• Consider the creation of an HR department at the Holding Company level</li> <li>• Enable Altrad's HR network to promote life-long learning for all its employees and in particular for young talent</li> <li>• Foster the creation and propagation of human value by encouraging the mobility of talent within their geographical region and beyond on the basis of fixed-term project or mission management</li> </ul> <ul style="list-style-type: none"> <li>• Strengthen our personal development programmes under the direction of Group/regional/local HR managers able to design a customized programme for talent (internal programme of a set duration leading to a theoretical or practical qualification in line with the needs of Altrad, one of its subsidiaries and current or future positions)</li> <li>• Set up skills paths for all business and support functions</li> <li>• Recruit and train our own blue collar teams in order to maintain unique internal know-how about our core business</li> <li>• More specifically, train managers to enable them to manage the complexity of their function and the pivotal role they play in 1. internal dissemination of the need for excellence and by adapting HR meta-principles to the specific situations they face in their professional context and 2. in the qualitative development of teams</li> </ul>

- Staff turnover within the Group
- The completion rate of development plans
- Measuring the progression of the level of skills, expertise and experience year after year, over a given multi-year cycle

## ORGANIZATIONAL EXCELLENCE

The effectiveness of a company depends very largely on the ability of its actors (internal and external) to work together, to coordinate their actions in order to achieve shared objectives, to harmonize their professional practices, communicate effectively and collaborate on a daily basis and in situations of crisis or tension.

The term collective intelligence—now very much in vogue—provides a conceptual framework for the above. It refers to the organization's ability to adapt to its environment and context and to choose the means of action adapted to a given situation or objective.

It also implies the participation of all in this adaptive process, which does not exclude different levels of involvement and responsibilities. It presupposes the support of the largest number of people for the validity of the approach.

In our view, at the corporate level, organizational value creation takes the path of developing collective intelligence, which is a “natural” corollary of matrix functioning.

The matrix structure that Altrad has adopted for many years provides a space for the expression of a high level of collective intelligence.

Creating organizational value means being able to make the most of our organizational framework.

### **The smart business concept: agility and flexibility**

Many studies have been conducted to identify the mechanisms that enable access to collective intelligence.

Among these are the research of Karl Weick, Professor Emeritus of Psychology and Organizational Behaviour at the University of Michigan, which focuses first on the development of meaning. For what purpose and in what way does the collective manage to organize itself, particularly in the event of an unexpected and substantial change in the environment?

Attentive to organizational processes, Weick is particularly interested in organizations for which reliability is a critical, if not vital, issue (nuclear power plants, hospital operating rooms, air traffic control towers, etc.).

In his view, several factors contribute to the development of collective intelligence in so-called highly reliable organizations<sup>1</sup>:

- “**The obsession with failure**, which leads to increased vigilance and transparency. Any errors must be reported to be analysed and not hidden to avoid blame.”
- “**The reluctance to simplify**, which must be translated into incentives to deal with complexity even at the cost of conflict. This leads to providing mechanisms to identify and manage disagreements. Humility then becomes a virtue.”
- “**The overview** of the system makes it possible to understand the links between the different elements and anticipate mutual effects.”
- “**Resilience** as the ability to recover and respond quickly to the unexpected. This mechanism is difficult to adopt since the natural tendency is to react in an emergency by using what is most familiar to us. Resilience is about being creative, so improvising and finding the right balance between caution and risk taking.”
- “**The ability to restructure**, which implies that, in an emergency, the most appropriate structure, possibly planned in advance, but not always, should prevail.”

As we have already mentioned in previous writings, there is a need to strike a balance between flexibility and rigidity, control and trust, decentralization and centralization, experience and expertise.

This requires an organization based on a collaborative culture that promotes high efficiency, dynamism and more plasticity.

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1. Michel Moral and Florence Lamy, *Les Outils de l'intelligence collective* (Paris: interEditions, 2013), p. 61

At Altrad, our challenge is to preserve intrapreneurship and the autonomy of the constituent entities that support it, while considering the Group as a whole, i.e. 1. in accordance with the main principles and values that govern it and 2. in the effectiveness of the relationships that exist between each element of the system the Group constitutes.

The emergence, implementation and strengthening of collective intelligence are conditioned by:

- a system of known, shared, inspiring values that can create strong employee support for the Group's narrative
- the implementation of meta-principles, standards and norms in order to maximize interoperability and facilitate exchanges between the Group's various entities
- the development of an integrated information system enabling 1. the pooling and free circulation of information essential for the Group's proper functioning, 2. effective intra- and cross-functional collaboration, and 3. greater decision-making responsiveness
- the overall development of employees
- the belief in the interdependence of the elements of the system and therefore of the community of interests in whose name there is an almost logical obligation for any given individual to see himself or herself as part of a set of actors whose future depends on his or her own, and vice versa
- the ability to create the conditions for reflection, communication and the deployment of a common or shared vision.

The notion of cooperation (and collaboration) is central to the emergence of collective intelligence:

- Willingness to cooperate/collaborate
- Know how to cooperate/collaborate
- Ability to cooperate/collaborate

No cooperation is possible without effective multidirectional communication.

“Information creates value. But this value will also and above all depend on the quality of people's interaction regarding information. This value built by the collective will be much greater than the simple sum of individual talents. The challenge for organizations today is therefore to want (culture, values, beliefs), to know how (skills) and to be able (organization, functioning) to mobilize collective intelligence and knowledge.”

According to Zara, what characterizes an intelligent company is its ability to “communicate intelligently and think intelligently for collective decision-making.”

Consequently, it seems to us that stepping up the level of collective intelligence within Altrad is based on:

- **Collective intelligence**, i.e. the ability of an organization or community to ask questions and seek answers at the same time
- **Knowledge management**, i.e. the act of capitalizing and sharing knowledge
- **Collaborative technology**, i.e. the quantity and quality of software, hardware and network facilitating relational and informational fluidity

Our challenge is also to create the conditions for intellectual cooperation, deployed along three lines:

- Values, which together contribute to the formation of the company's culture
- Technologies
- The company's strategy, structure and operations

Raising the Group's level of collective intelligence takes the familiar path of an agile or self-learning company:

- Agility defines the company's ability to anticipate in a fair and coordinated way, and to take collective action in the service of common sense
- The concept of a learning (or self-learning) organization characterizes organizations that define and implement a range of practices and arrangements to stay in touch with their ecosystem

This is one of the main objectives of this document: to improve our organization to create more overall value:

- Ensuring the most effective communication possible means developing digital systems capable of facilitating and supporting it and accompanying the evolution of mentalities towards greater acceptance of the value of sharing information, knowledge and know-how
- Making collaboration more fluid and improving it requires special attention to managerial excellence
- Increasing everyone's commitment and skills development (blue and white collars) means increasing the level of personal excellence

### **Collective intelligence and a high-performance matrix mesh**

It should be remembered that an intelligent company is also a company that accepts error as an inevitable fact, an integral part of any learning process, and therefore values transparency.

It encourages stakeholders to communicate about their mistakes, their attempts to find solutions, and their experiences in a continuous improvement process. It is a question of moving away from a logic of guilt and punishment (which encourages us to hide the error, experienced as a fault), in favour of a logic of accountability.

According to a linear approach, when a problem arises in the company, the methodology commonly adopted often follows a three-step chronology:

1. Diagnosis: a good understanding of the problem, i.e. selecting the data that appear relevant to identify it and developing possible solutions. Often, this phase is done by "experts".
2. Decision: reach a decision on the solution to be adopted, which is approved by the people who are considered competent to do so.
3. Execution: rigorous implementation of the decision.

When the procedure fails, that is, when the expected results have not been obtained, rather than questioning the paradigm itself, the temptation is to identify where the dysfunction lies in the procedure (information gathering, execution process, etc.).

Although we invite everyone to operate according to this linear approach—which has the advantage of clarity and reproducibility—we would also like to propose a more systemic, organic approach here. Since the difficulty lies in identifying the “right path” when you don’t know it in advance (which is always the case!), you can’t know a priori if an idea will be good or bad. Its relevance can only be judged by its effective deployment.

A procedure that favours a solution designed by “experts” and then imposed on all potentially deprives the organization of all or part of its ability to test, at each level concerned, the elements of the solution and to adjust the solutions.

To “push an idea” to “interest an intelligent system”, your contributions are fundamental.

An intelligent process that takes into account the system’s reaction (see the feedback loops of the circular approach), that questions ideas to check their adaptation to the challenges of the organization, in short, that is built “along the way”, further preserves the organization’s adaptive capacity.

It is this paradigm of collective intelligence mentioned above, according to which the company develops and maintains its ability to 1. mobilize the intelligence and knowledge of its stakeholders, in the service of performance, 2. take into account the evolution of its internal system and its external environment and 3. self-organize accordingly.

Thanks to its matrix structure, Altrad favours a process of reliance, i.e. the potential linking of all with all, and a weaving process through which Doing and Understanding, Acting and Thinking are intertwined and in which the people directly concerned participate.

Optimizing our current operations likely involves:

- Representing and modelling the situation (what are the value traps that hinder organizational excellence?) taking into account our intentions. This is the objective of the work undertaken in recent months
- Reasoning (debating and deliberating) in an intelligible way about models, possible solutions, innovative ideas, in order to develop possible means of action, in a permanent re-adaptation of the ends and means. This is the objective of the Altrad 2019 Seminar
- Intentionally organizing collective action and continually reorganize it in its evolving contexts. This is what our common reflections and numerous exchanges should enable us to achieve

In addition, the implementation of more collective intelligence within Altrad requires us to consider the decision-making methods to be used, which depend on various parameters:

- Size and structure of the Group and its constituent entities
- Culture of the Group and its constituent entities
- Nature of the decision
- Qualification and role of the actors
- Internal and external constraints (financial resources, time, etc.)

In our opinion, strengthening our collective intelligence does not require us to renounce a partially hierarchical organizational mode or to put in place global decision-making modes where all decisions should be made by consent, in a sociocratic mode<sup>1</sup>.

It seems crucial to us to preserve the match between the nature of the decisions and decision-making methods and to favour parity in difference, i.e.—for each managerial level and each entity—to solicit the opinions, ideas and contributions of other levels of management and the other Group companies.

Indeed, our aim is to act on three levels:

- A high-performance organization (macro and medium levels)  
Objective: Optimize our matrix structure and equip ourselves with the means to act sustainably and positively on the collective performance of the organization
- Fluid relationships (meta level)  
Objective: To improve information flows and relationships between people and different levels of decision making in order to improve collaboration
- Committed, responsible and fulfilled employees (micro level)  
Objective: To continue to build a humanist organization, both benevolent and demanding, capable of promoting the development and growth of each individual

### Creating human value



### Adherence to the Group's culture and multidirectional communication

In other words, if it seems essential to us to intervene in the elements of the system—in particular through 1. the continuous life-long learning of teams and employees, 2. the improvement of tools and the qualitative improvement of services and products—it seems to us at least as essential (still in line with the systemic approach we favour) 3. to create the conditions for continued support for the Group's culture and 4. to evaluate the effectiveness of what links the “elements” of the system together and with their environment

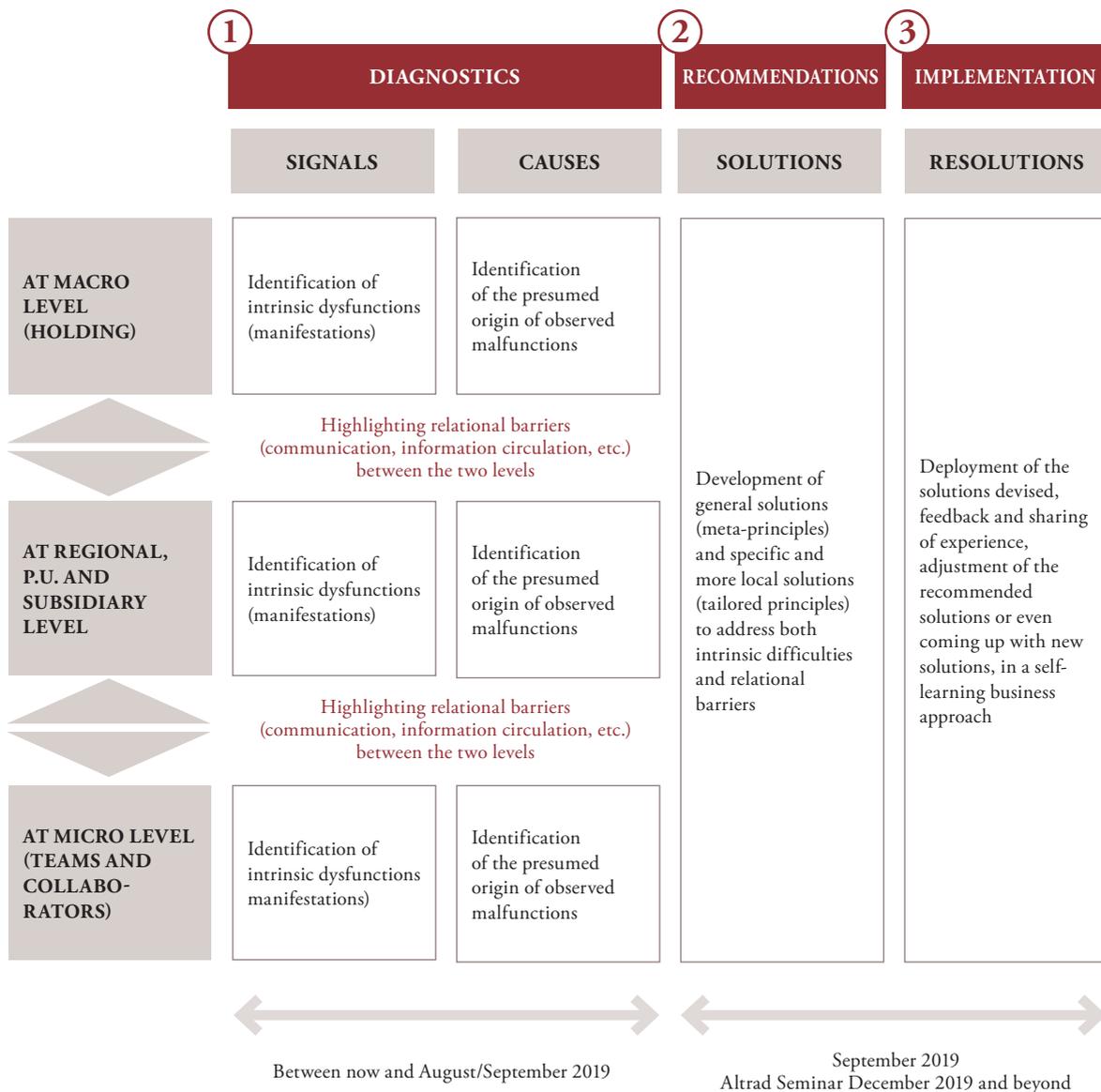
1. Sociocracy: term introduced by Auguste Comte which refers to a decision-making process by consensus. It requires the commitment of the actors to be accountable for their actions.

(the meta-system). The quality of relationships (i.e. communication in the generic sense of the term) determines the success of the organization.

This means that we invite everyone 1. to continue to appreciate the central role played by Altrad's values—communication, collaboration, listening, dialogue, processes, diverse and varied relationships—and 2. to identify the blockages, the obstacles that hinder 3. the creation of value, 4. the dissemination of the Group's identity and brand and 5. the smooth flow of information (whatever its nature) in order to be able to remove them.

Creating organizational value requires the fluid, adaptive and efficient linking of the parts and components of the Altrad Group's system.

### Optimizing the Altrad matrix organization



It is based on articulating and defending strong and engaging principles:

- Agility and flexibility
- High-performance mesh size
- Adherence to the Group's culture
- Multidirectional communication

Increasing and consolidating this value requires 1. a prior, in-depth and honest search for “value traps” that may exist not only at each level of the Group but also between each of these levels and 2. the implementation of effective and efficient processes and tools for communication and sharing of information and knowledge.

Altrad is considering the relevance of creating a Human Resources function at Holding level in order to 1. define, coordinate and manage the creation and deployment of the Altrad Knowledge Management & High Performance Model, 2. assist all Group entities in implementing the model at a more regional and local level and 3. harmonize, whenever necessary and appropriate, current and future human management practices.

## MANAGERIAL EXCELLENCE

*Someone's intelligence can be measured  
by the quantity of uncertainties that he can bear*  
EMMANUEL KANT

Managerial excellence is at the service of the company as much as it is synonymous with the creation of human value.

The main challenge for leaders and managers is to create the conditions for effective collaboration through the engagement and development of teams and individuals, which are the foundations for creating global value for Altrad, and this in a spirit of meaning.

Any consideration regarding the measurement of managerial excellence must begin by defining the state of excellence sought 1. in absolute terms (i.e. the skills that cannot be ignored and are required for the function and role in question) and 2. from a relative point of view (by assessing each person's qualities and skills and defining a development path appropriate for each person).

Any professional trajectory includes key moments to which particular attention should be paid as they are opportunities for disruption and therefore disruption of the system.

All professional development requires a thorough, sincere, caring and demanding examination of the strengths and areas of progress of each individual and of the teams as a group.

Finally, we believe that it is both crucial and determining to consider any evaluation practice as an integral part of the learning and growth process of our employees, teams and our organization as a whole.

For the use of Group managers and leaders, here are some ideas to be explored regarding practices likely to create human value, and more particularly managerial value.

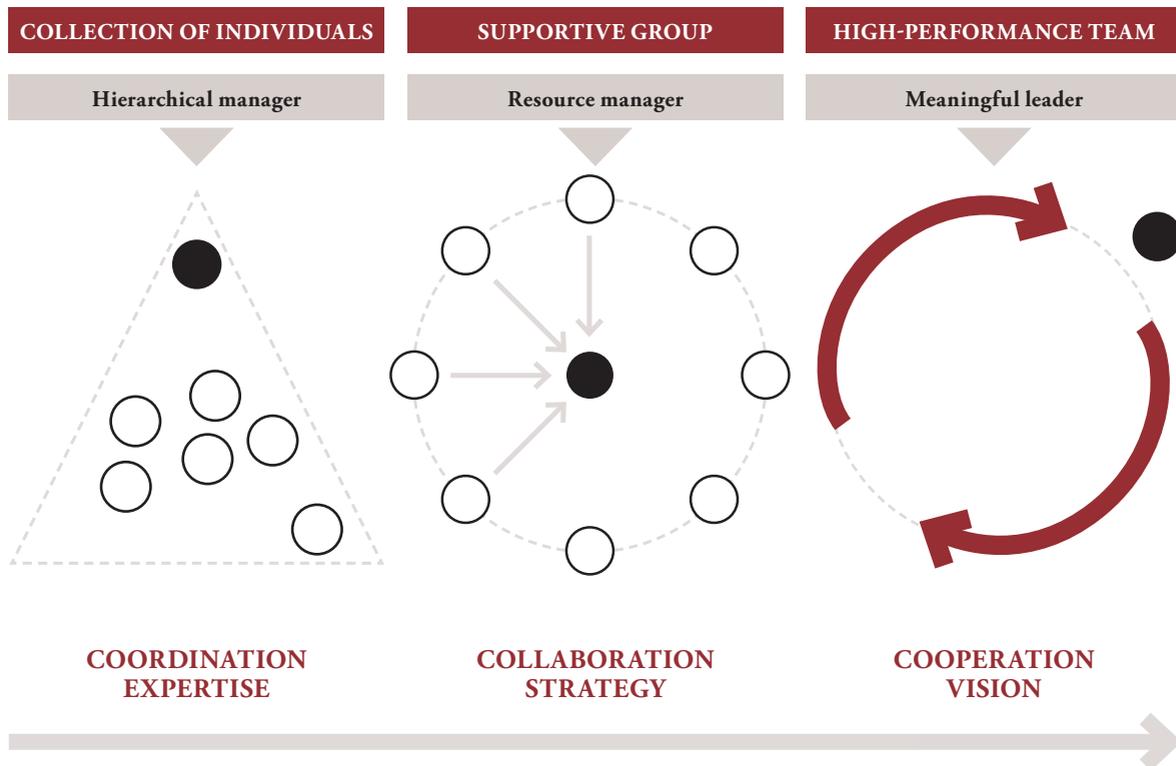
### Managerial and evaluation practices that reinforce the development of individual and team skills

This is not the place to describe a detailed HR process, nor is it a manual for the “perfect manager”.

One of its objectives is to invite us to question our current management methods in light of a changing world, to look at them critically in order to consider the areas and processes that can help to improve them (see above).

Our managerial practices must take into account the stage of development not only of the teams, and the manager, but also of the broader context (i.e. the nature of the decisions and the economic and cultural environment in which they are made) as partially illustrated in the following diagram:

The stages of development of a team



In addition, it is important to recall—briefly—some principles whose implementation is recognized as actively participating in the development of individuals and teams:

- The models of excellence, aligned with the criteria and objectives, are presented in order to give a clear and explicit picture of the expectations and desired performance
- Objectives are defined and known in advance (SMART Objectives)
- The evaluation criteria are presented and explained at the beginning of each evaluation interview

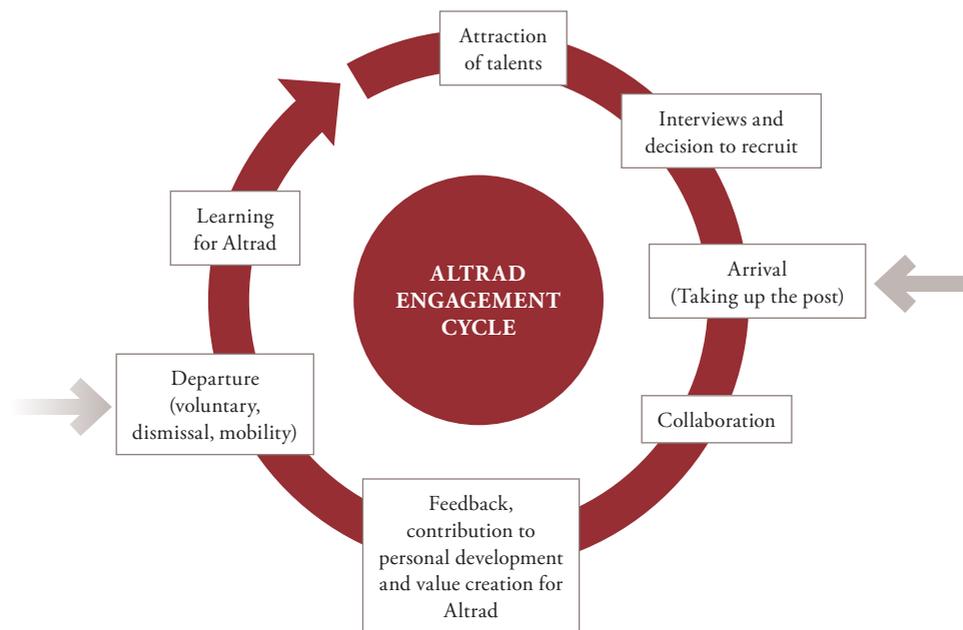
- Excellence requires both kindness and high standards
- The evaluation must take into account the entire role and function
- The manager functions as a coach at the service of the success of his teams and the individuals who report to him
- Detailed, sincere, constructive feedback is given “as it happens”
- Teams have the opportunity to improve their performance
- Teams and individuals are encouraged to self-assess, reflect on their development paths and participate in defining their future objectives based on their assessment

**The crucial steps to success: taking up a position, internal mobility and leaving the company**

From the point of view of the pursuit of excellence, every moment of the relationship between each employee and the Group is important and offers as many opportunities to create value.

As such, we must pay attention to it and be professional.

**The engagement cycle of Altrad employees**



From a team perspective, and therefore from a managerial perspective, three moments of the collaboration cycle within Altrad deserve particular attention because of the “disruption” (in the sense of modifying the team’s perimeter) that these events bring to the system that constitutes the team:

- On-boarding or taking up a position
- Internal mobility
- Leaving the company (voluntary or not)

Any transition requires appropriate management to promote talent attraction, retention and internal mobility and to learn from the departure of our employees.

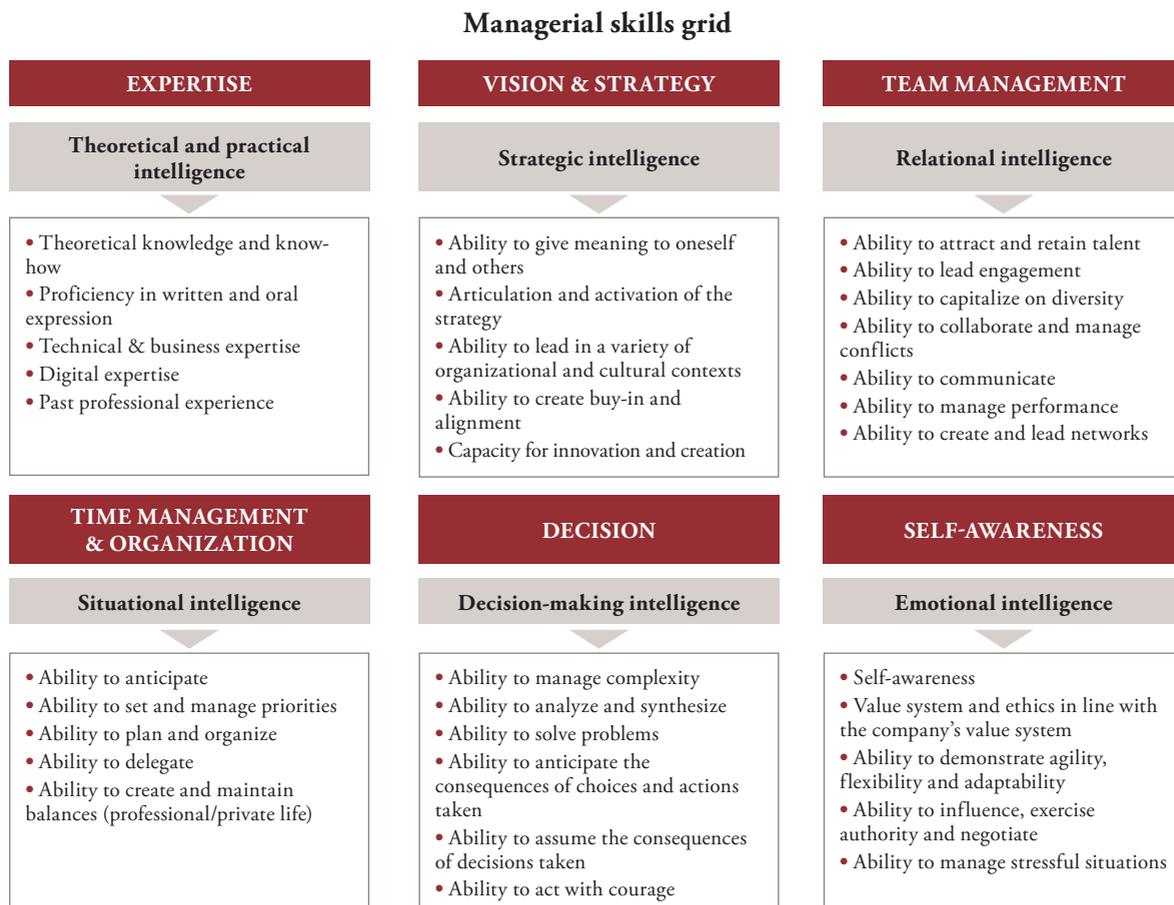
The objective here is not to go into the details of HR procedures for recruitment, taking up a position or accompanying people on leaving, but rather to draw everyone's attention to the importance of preparing and optimising the chances of success of these crucial steps not only for the person directly concerned, but also for the teams and the organization more generally.

### The continuous development of skills

*CFO: What happens if we train them and they leave?*

*CEO: What happens if we don't and they stay?*

How can managers adjust, learn and develop within their position?



The position of manager calls for particular skills and abilities, the ability to manage complex and stressful situations, to be inventive in the face of new situations, etc.

Skills development probably requires the establishment of a grid of skills considered essential (must have) and “bonus” skills (nice to have).

It is our responsibility to list them and to put in place the conditions for their emergence and consolidation within Altrad, for example through:

- Training cycles and pathways
- Personalized coaching
- The Altrad Seminar in December
- Leadership retreats
- Ad hoc events

Investing in the development of our managers seems to us to be one of the cornerstones of Altrad’s human value creation.

### **Organizational communication of leaders for excellence**

According to Boris Groysberg (Harvard professor) and Michael Slind (consultant)—and as illustrated by the model they have developed—unidirectional and top-down communication between leaders/managers and their collaborators is no longer useful, realistic or in line with business needs<sup>1</sup>.

Leaders are able to generate much higher quality engagement and increase their credibility through an authentic conversation with the people who work for and with them.

The reality that is emerging with the impact of social networks in particular is that employees can now reach a wider, public audience. Whether their managers like it or not, they can use the opportunity that technology offers them.

Therefore, we might as well create the conditions for an authentic dialogue for all.

One of the major challenges in the implementing collective intelligence is the ability of the organization and its managers to handle the potential conflict between individual and collective interests.

The values that companies promote, particularly through institutional communication, and that they try to embody on a daily basis, are essentially group values. This is true of values such as collaboration, cohesion, cooperation, etc.

At the same time, the values that contribute to the selection, retention and advancement of individuals within the organization are essentially individual values: excellence, loyalty, commitment, etc. In addition, the needs that employees seek to meet, such as recognition needs, are also much more individual than grouped.

How, then, can we strike the right balance between potentially divergent interests?

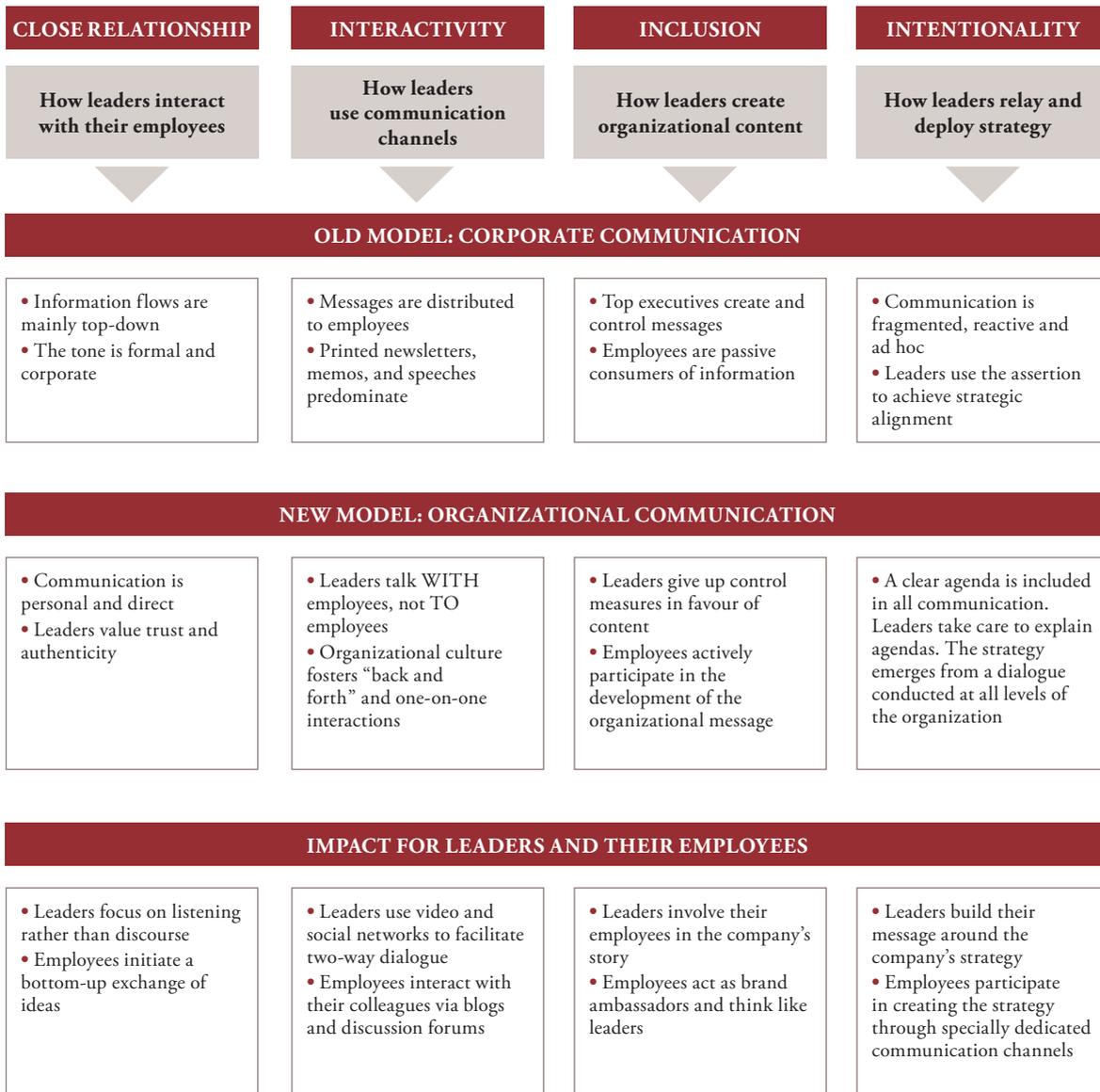
This involves in particular the personal development of managers on the one hand and contributes to 1. the establishment and adherence to a collaborative contract and 2. the promotion of values such as sharing, respect, trust and responsibility on the other hand.

In our opinion, the implementation of collective intelligence meets, in a way, the same requirements as the development of managerial competence, which is mainly based on relational skills.

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1. According to Boris Groysberg (Harvard professor) and Michael Slind (consultant)

## Elements of organizational dialogue



Relational intelligence is commonly described as including verbal intelligence (i.e. the ability to communicate), intra-personal intelligence (i.e. the ability to know oneself, to understand oneself) and inter-personal intelligence (i.e. the ability to understand the other, also referred to as empathy).

Individual management, by virtue of which an employee's autonomy, motivation and skills are developed, is a basic principle of management.

According to the same scheme, collective management or team management aims to develop the autonomy, motivation and skills of a team.

In both cases, we are seeking to achieve objectives, and consequently performance, or even excellence, in other words, value creation.

The management of collective intelligence requires the research and implementation of answers to the following questions:

- Who is searching for the information?
- Who is thinking?
- Who is consulted and gives their opinion?
- Who decides?
- Who capitalizes on information?
- Who is acting?
- Who controls?

By promoting a matrix organization, Altrad already encourages the development of collective intelligence, multidirectional communication and the type of collaboration that follows on from this.

## PERSONAL PROFESSIONAL EXCELLENCE

Creating human value, contributing to the development of individuals and teams and, as a result, to Altrad's growth, requires:

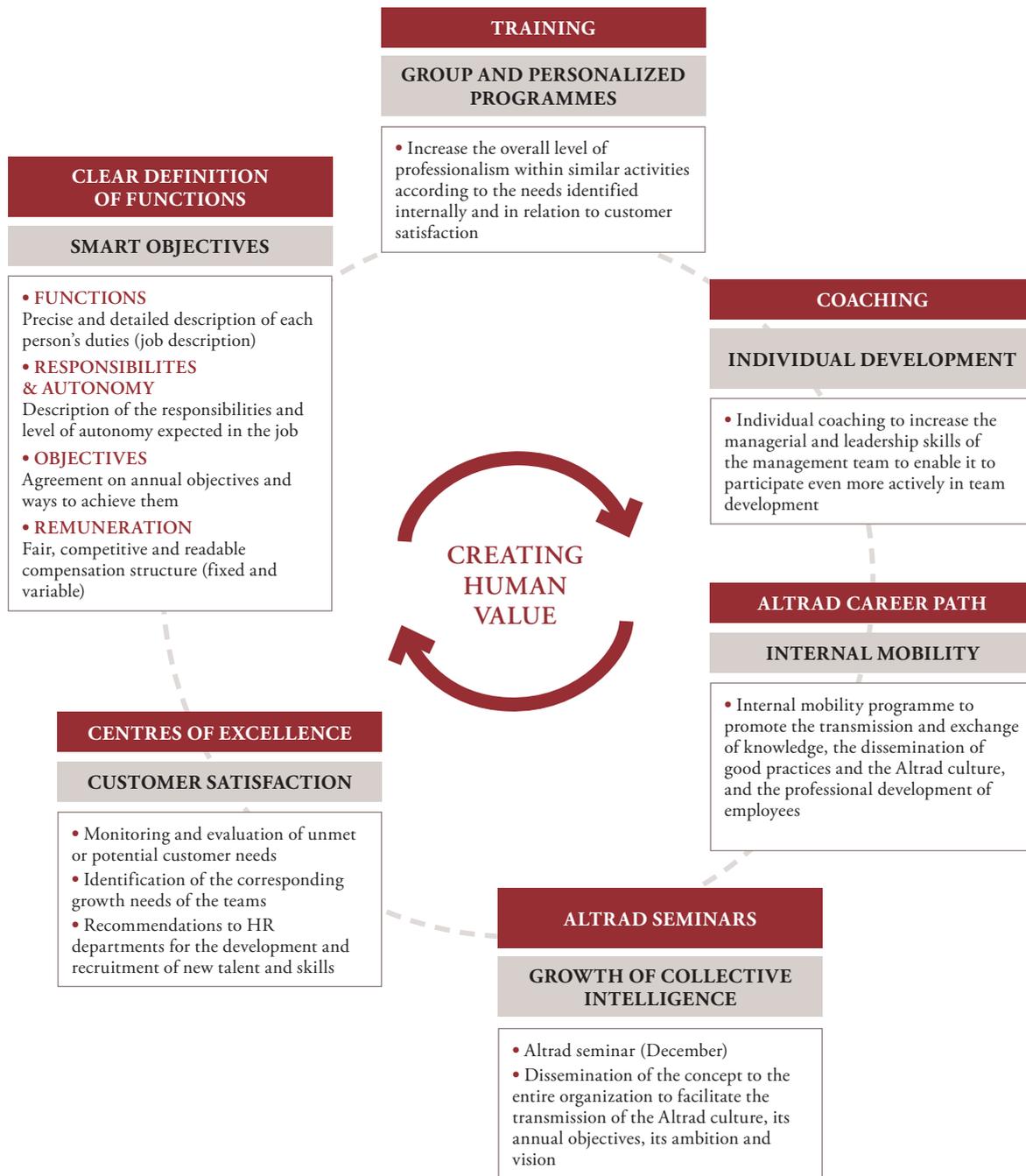
- An appropriate process of individualized professional growth whose effectiveness can be assessed by evaluating the achievement of individual and collective objectives
- A measure of employee engagement, an essential component of the Group's success

Thus, we propose to rethink the existing employee development process from the point of view of value creation. The diagram on the following page suggests a possible cycle of growth for each individual within an individualized, adaptive and learning career path that serves the development of each individual, the Group's growth and customer satisfaction.

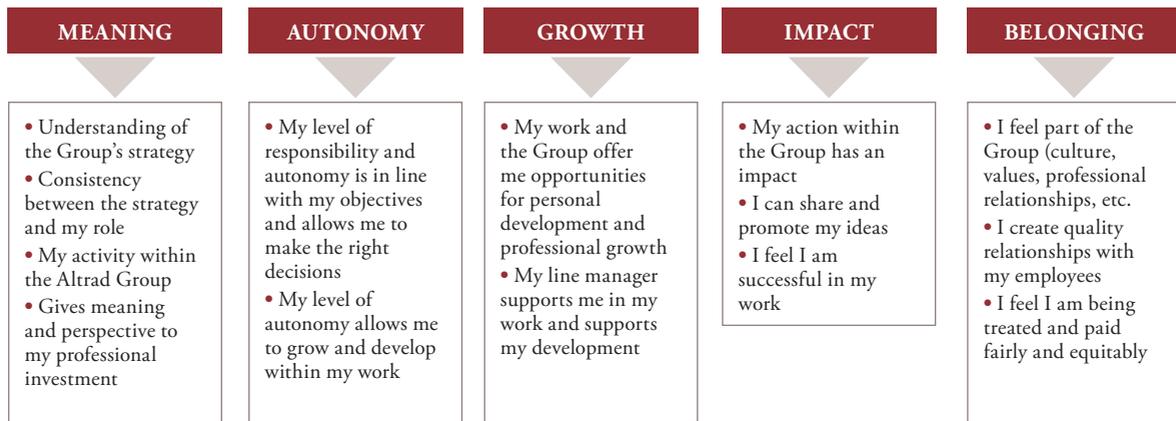
We also suggest that an annual engagement survey be conducted for all Group employees, which could be structured around five main areas:

- Meaning
- Level of accountability and, as a result, autonomy
- Growth
- Impact
- Sense of belonging

## Professional development path for Altrad employees



### Simplified survey model relating to Altrad employee engagement



Finally, linked to the creation of economic value, creating human value requires ensuring the safety of people (Group employees, customers, suppliers, etc.) and sites.

We suggest identifying—and even imagining—together a series of indicators to assess the safety processes already adopted (and those to be adopted) in order to best guarantee the safety of people, property and sites.

#### Creating human value: provisional conclusion

Our recent exchanges and more theoretical research have enabled us—collectively—to highlight a series of 1. observations and diagnostic elements, 2. the translation of these global developments at Altrad Group level and 3. the initial areas for creating human value that are specific to our Group. Our upcoming exchanges and meetings—including the Altrad 2019 seminar—will provide opportunities to expand our thinking and bring out a set of meta-principles that each Group entity will then have to define according to its environment, objectives and needs.

The Altrad 2020 vision and the future strategic development of human value creation it underpins constitute a very ambitious programme which, as can be expected, will generate both enthusiasm and expectations that are commensurate with this enthusiasm.

Altrad's agility and the commitment of its employees are major assets in the success of the changes we make together.

Nevertheless, managing the definition of our development priorities in terms of human value creation, their implementation and deployment within the Group means demonstrating not only determination, but also humility and patience. The process will take some time, and will require adjustments along the way.



## CREATING ECONOMIC VALUE

### *Evaluate and increase customer satisfaction and the quality of Altrad's offer*

The work and discussions we carried out last year when defining and implementing the Altrad 2020 project, focused on the Group's development, enabled us to come up with initial ideas and conclusions, which we will recall below.

To **excel** is first and foremost to promote our areas of expertise, in other words to do what we know how to do well, namely a multidisciplinary service of the highest international standard.

This requires strong leadership as a single supplier of integrated solutions in the following sectors:

- Scaffolding, props and shoring
- Insulation and painting
- Maintenance services, from construction to decommissioning
- Inspection and compliance control
- Electrical instrumentation
- Engineering services

To **excel** is to understand and anticipate the needs of our customers through:

- a network of solidly established local employees who have developed and maintained relationships of trust
- an inventive and connected team able to monitor the progress of its industry and design innovative services and products.

Our customers demand quality, reliability and safety. They are looking for:

- A single, trustworthy contact person able to commit to their projects from the outset and support them throughout the life cycle of their sites
- Integrated solutions
- Readable and simplified processes
- Fair and appropriate financial, economic and contractual conditions

To excel is also to grow not only with ambition but also with reason, in order to guarantee at each stage of the organization's development a service of continuous and comparable quality.

This implies pursuing the Group's strategy of expansion and skills development by:

- Initiating new partnerships in strategic areas (joint ventures, business relationships, etc.)
- Completing the portfolio of companies

Operational excellence can only be achieved through everyone's commitment to the principle of continuous improvement and the value of excellence, as well as through the internal dissemination of best practices, ideas, methods and solutions, both internal and external.

It is supported by the development within the Group of a network of centres of excellence—the Altrad Centres of Excellence or ACE—capable of implementing policies and initiatives implemented at local, regional and central levels. These centres of excellence are real operational levers for achieving the Group's short-, medium- and long-term objectives and are based locally (if possible within each subsidiary) and/or regionally, and within the Progress Units, in particular within the PU in charge of Business Development.

Operational excellence and customer satisfaction are closely linked. By disseminating its value creation strategy, Altrad aims to create the conditions for intensifying its culture of excellence and to positively impact not only its performance but also the satisfaction of its customers.

In concrete terms, what do we recommend? Creating the conditions for strong economic value creation by promoting operational excellence, sustained and controlled growth and bold innovation, all closely linked to the creation of human, CSR and financial value.

The contributions you have recently shared consider areas of adaptation and progress for Altrad, as summarized in table next page.

## **OPERATIONAL EXCELLENCE: PRODUCT AND SERVICE QUALITY AND CUSTOMER SATISFACTION**

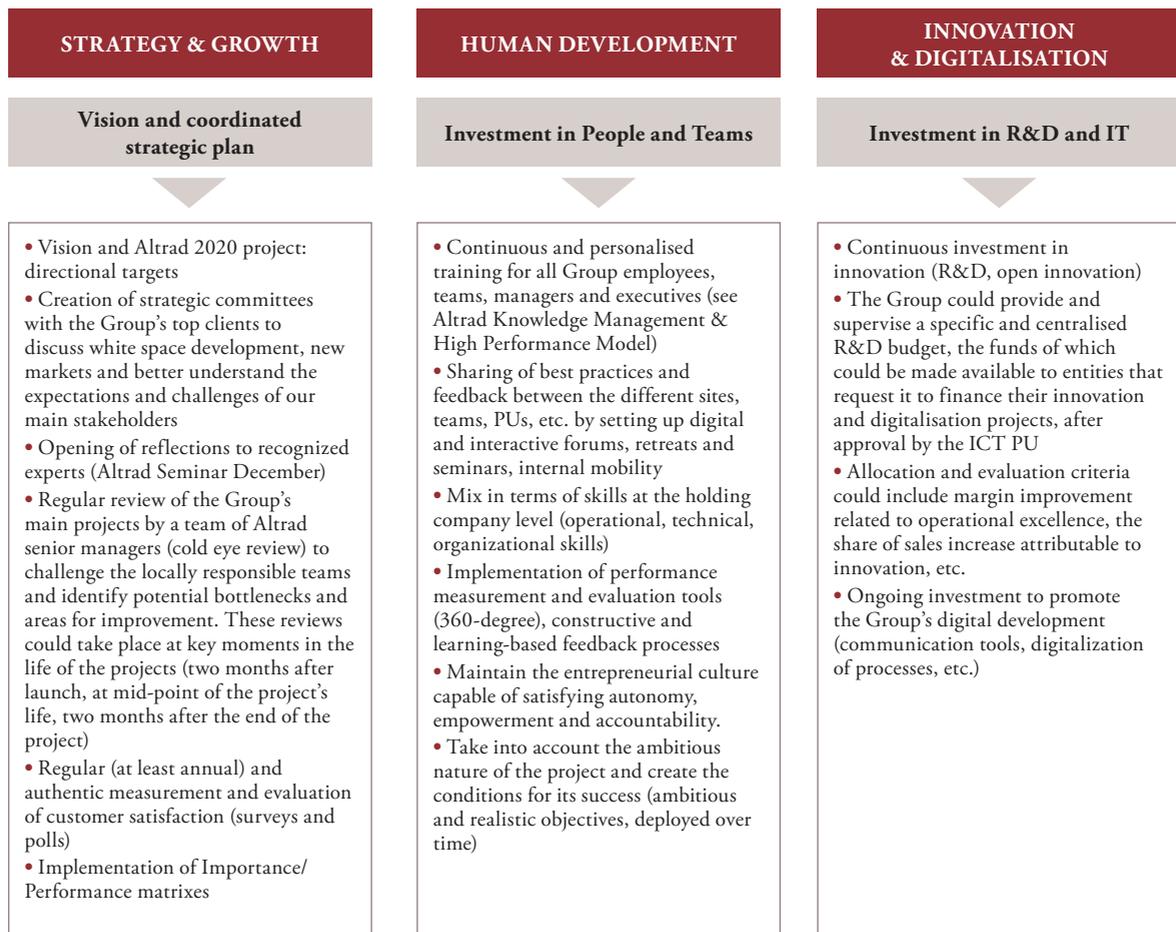
Like any company, Altrad's mission—in the restrictive sense of the term—is to provide products and services to its customers within a defined framework.

The Group must take into account:

- the socio-economic context and the specific environments (particularly cultural) in which it operates, including all its entities
- the project it has adopted—in this case the Altrad 2020 project in the immediate future—driven by its governance (founder, shareholders) and management team
- of its value chain, i.e. all its resources (human, tangible and intangible) and processes.

In the systemic approach that we favour—and through which we view Altrad's mission and the impact of its actions—the question of operational excellence is closely linked to the creation of human, CSR and financial value.

### Areas of economic value creation



Nevertheless, in order to simplify the approach, it should be seen in the light of the specific challenges it faces, namely:

- those of the competitiveness of Altrad's offer: to promote the best match between this offer and the requirements of its customers and the market
  - increase the quality level of the Group's products and services
  - better quality/price ratio
- those of efficient processes that make it possible to meet the objective of competitiveness while preserving and increasing safety and quality of life at work, and while minimising the impact on the environment
  - all with the major and ultimate objective of customer satisfaction.

Since its creation, the Altrad Group:

- is built around strong and singular values that place the client at the heart of its concerns, in a humanistic conception of management that includes respect for people and cultural differences

- is committed to continuously improving its organization and decision-making process to serve the client.

To achieve its ambition, Altrad has implemented its “Altrad 2020” transformation strategy, which focuses on its customers, guaranteeing quality and value for all its partners and thus preserving profitable growth over the long term.

**Altrad 2020,  
World leader in construction equipment and industrial services**



Creating and fostering such a customer culture at Group level implies that each employee, regardless of their role, function, geographical location or seniority within Altrad, is convinced that through their actions and behaviour, they have the power to make a difference.

This will inspire and instill new skills and know-how in existing management teams that manage customer relations on a daily basis.

This implies:

- Coordinating our commercial and customer management actions, thanks to a flexible matrix structure, to maintain and develop a first-class customer relationship at local and regional level and to reach international customers and key accounts more centrally
- Promoting an approach adapted to each customer, which favours the personalisation of all services, from industrial services to commercial relationship management
- Being the reference for customers, suppliers and teams, in other words, having the common, shared objective of being the partner of choice in each of our markets

## Objectives

### Maximum retention of our customers

In concrete terms, this state of mind must serve the conquest and preservation of our customers. Together, we aim for 100% customer retention.

### Enchanting our customers

Everyone contributes to creating value for the Group's customers with an impact on creating customer enchantment.

### Getting closer to our customers...

Favour attentive listening to the explicit and implicit needs of our customers:

- Thanks to a solid local presence that maintains a close relationship with customers and prospects
- Thanks to a powerful CRM tool (data, analysis, satisfaction measurement, scoring, etc.)
- Thanks to a permanent dialogue between the subsidiaries, the PUs and the holding company, led by the Business development PU

... using a differentiated, personalized approach

- Allocate our resources according to our clients, their issues, their profile and culture
- Favour a cross-functional, flexible approach to the client portfolio

... in order to imagine innovative, efficient and relevant technical and commercial solutions

to satisfy and anticipate the current and future needs (goods and services) of each of our customers

Customer satisfaction requires a three-pronged approach to operational excellence:

- a quality approach that consists in regularly providing, within the allotted time, at the best price, a product or service that meets customer requirements
- an approach of excellence that focuses on all stakeholders (customers, suppliers, Group employees, etc.) and requires an assessment of everyone's expectations and the measurement of their perception of the quality of products and services
- a CSR approach (see below) that concerns all stakeholders, but also those who are impacted by the Group's activity (and who impact it themselves).

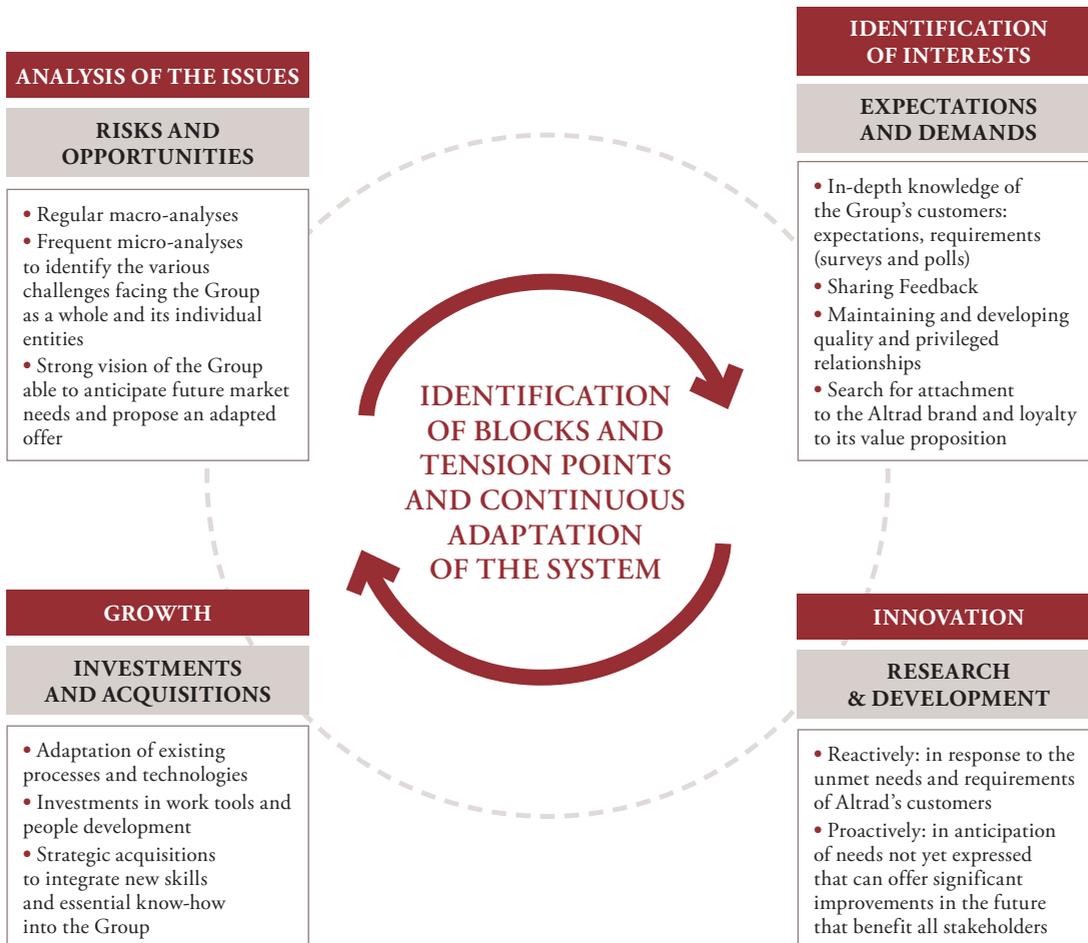
The common feature of these three approaches—which place the search for customer satisfaction at their centre—is the active search and effective consideration of the expectations of all stakeholders.

They are based on a continuous improvement process, which involves;

- analysis of the stakes (risks and opportunities)
- identification of stakeholders' interests
- an understanding of the nature of the relationships between each of them and the Group (as a whole and in detail of the specific relationships of each of its entities)
- highlighting the blocking and tension points in the system

- a global and coherent operating mode oriented towards the clearly defined, specified and accepted objective of customer satisfaction, and more generally, that of creating total value.

### Operational excellence and continuous improvement

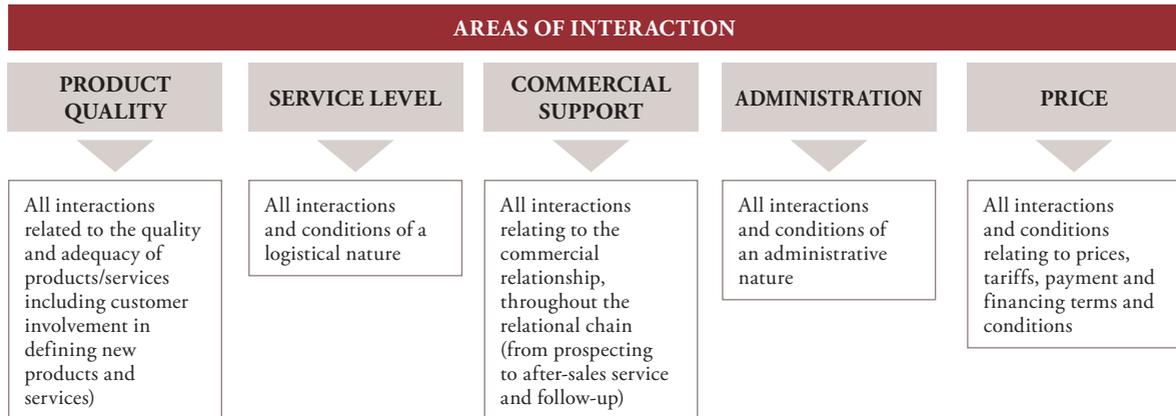


It is our responsibility to define and reaffirm the essential quality criteria to which the Group intends to adhere (meta-principles) and the more specific criteria to guarantee the competitiveness of our products and services.

The quality of the Altrad Group's offer (products and services and associated processes) determines the level of customer satisfaction.

We propose to reflect together to choose a series of relevant indicators capable of measuring—at different strategic points—all the interactions that customers may have with the company.

### Simplified customer satisfaction survey model



A multi-channel survey mechanism with these same customers could be set up to better define their needs and expectations and to assess any gaps between the service provided and the service expected.

In addition to measuring customer satisfaction, it is probably necessary to add regular, shared monitoring and analysis of other indicators to measure the Group's economic activity and to anticipate the consequences of strategic decisions on financial results beforehand:

- Volume sales
- Value sales
- Commercial margin
- Spread (price increase in relation to inflation)
- Change in industrial cost
- Changes in other costs

## EXCELLENCE AND GROWTH

Altrad is today an international leader in the field of industrial maintenance services and construction equipment.

The acquisitions made in recent years have enabled the Group to achieve substantial growth.

Altrad now offers a stable, diversified and balanced multidisciplinary activity.

Our activity is divided into two areas: the Services branch represents 80% and the Equipment branch 20%.

The Group's multiple sources of income, the plurality of its markets and its diversified geographical presence enable it to benefit from a certain stability and to demonstrate a strong capacity for resilience.

Headed by an experienced, top-quality management and operational team, Altrad has a stable and efficient organizational and managerial structure.

The Group's health indicators are solid and encouraging:

Financial health	Strategy
<ul style="list-style-type: none"> <li>• An economic model supported by a firm and sustained cash flow from multi-year maintenance contracts</li> <li>• Proven value creation and financial performance and continuous growth indicators</li> <li>• A solid balance sheet with moderate financial leverage, a strong cash flow and earnings profile</li> <li>• Resilient and sustainable operating margins achieved through the implementation of a service and market mix</li> <li>• An order book of nearly €3 billion that provides good visibility of future revenues and results</li> <li>• A predominantly family capital, held by a stable, solidary and supportive shareholder base with a common long-term vision:</li> <li>• Remarkable participation of the French government through a 10% equity investment through the investment bank BPI, which also holds convertible bonds and bonds redeemable in shares</li> <li>• Use of the expertise of prestigious investors and financial partners to support the Group's growth and investments</li> </ul>	<ul style="list-style-type: none"> <li>• Our vision: to become the multidisciplinary global leader in industrial services in key markets around the world</li> <li>• A clear external growth strategy based on complementary and value-creating acquisitions</li> <li>• An organic growth strategy that takes advantage of opportunities for operating gains, synergies and economies of scale</li> <li>• Active monitoring of opportunities for complementary activities that could strengthen our distribution capacities</li> <li>• Continue to build and consolidate our reputation and legitimacy through our ability to create synergies and control costs through acquisitions</li> <li>• Maintain the fundamental role played by the Equipment business in our growth policy</li> <li>• Implementation of a Business Development function of primary importance to increase customer proximity and the success of our major projects</li> </ul>

Clients	Markets (as a % of total sales)
<ul style="list-style-type: none"> <li>• An international presence with global operations (excluding the American continent)</li> <li>• An impressive portfolio of world-class blue chip industrial customers in all our target markets</li> <li>• An expanded service offering and a strengthened global presence that benefits all our customers</li> <li>• Special and specialized skills with proven track records on large scale multi-sectoral projects</li> <li>• Presence in 49 countries and representations in more than 100 countries</li> <li>• Presence, scale and know-how to offer integrated solutions to all our customers' requirements</li> <li>• Ongoing rebranding process to increase awareness and recognition of the Altrad brand</li> </ul>	<ul style="list-style-type: none"> <li>• Oil and gas: 50%.</li> <li>• Construction: 20%.</li> <li>• Process: 19%.</li> <li>• Energy: 11%.</li> <li>• Focus on maintenance services provides the Group with protection against cyclical volatility in the energy sector</li> <li>• Identification of interesting opportunities in the energy sector</li> <li>• Willingness to position the Group in the renewable energy sector, a key sector in terms of CSR and sustainable development</li> </ul>

## EXCELLENCE AND INNOVATION

Research and innovation are one of the pillars of the Group's strategy, in that they contribute to increasing the range of products and services on offer and to creating high value-added solutions.

In order to increase the added value of its products and services, the Altrad Group is committed to a strategic policy of research and innovation development.

It uses these two levers to further differentiate itself from its current and future customers at all levels of the value chain, from creation to marketing and design of goods and services.

R&D and innovation (particularly open innovation) are an integral part of Altrad's strategy of excellence and help to strengthen the Group's competitiveness.

They must be accompanied by a major digital transformation, capable of equipping the Group with the IT and networking tools essential for delivering its services at the highest level of quality and reliability, and for its development.



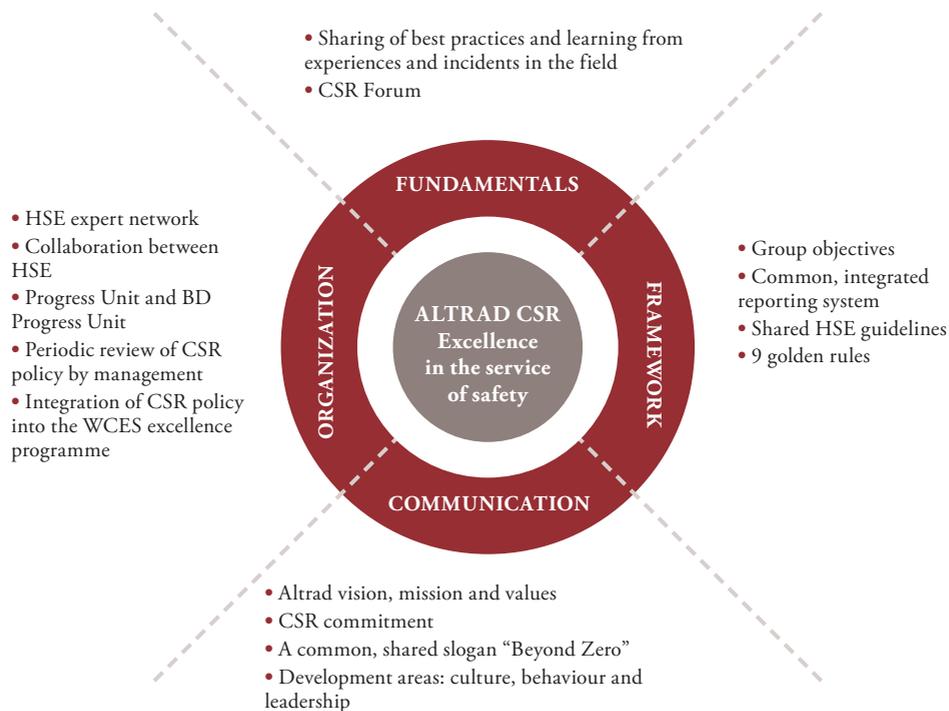
# CREATING SOCIAL, SOCIETAL AND ENVIRONMENTAL VALUE

## CSR POLICY

*Evaluate and measure the Group's social and environmental impact  
Manage risks and promote the safety of property and people*

In order to successfully implement the Group's CSR policy, each Altrad entity must act according to our golden rules and integrate a series of key factors and elements to deploy our safety culture.

### The Group's transformation strategy



The Group's CSR policy is constantly monitored to guarantee an optimal level of excellence at all times and to involve all Altrad employees a little more every day.

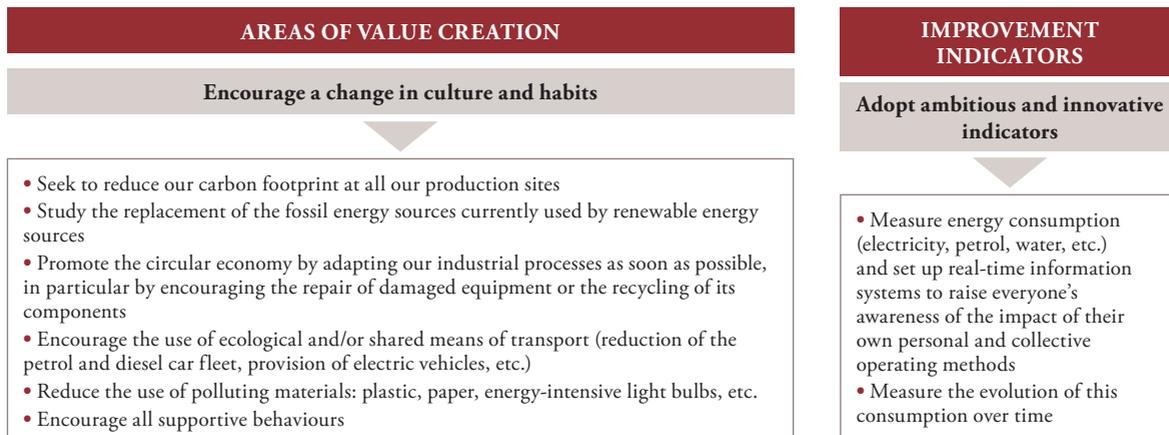
By integrating it into the Excellence programme and the scope of responsibility of the CSR and BD PUs, it will advance safety, health, the environment and ethics at all levels of the organization and at each stage of the value creation process.

In this area too, the idea is to select a series of relevant indicators to measure the Altrad Group's impact (negative and positive) on the environment and to identify improvements that can be made to meet our environmental requirements and our ethical ambition.

In concrete terms, what do we recommend? Creating the conditions for ambitious CSR value creation based on four main areas, with a differentiated resourcing approach (see below).

The contributions you have recently shared envisage areas of adaptation and progress for Altrad in terms of environmental protection, as summarised in the following table:

### Areas of environmental value creation



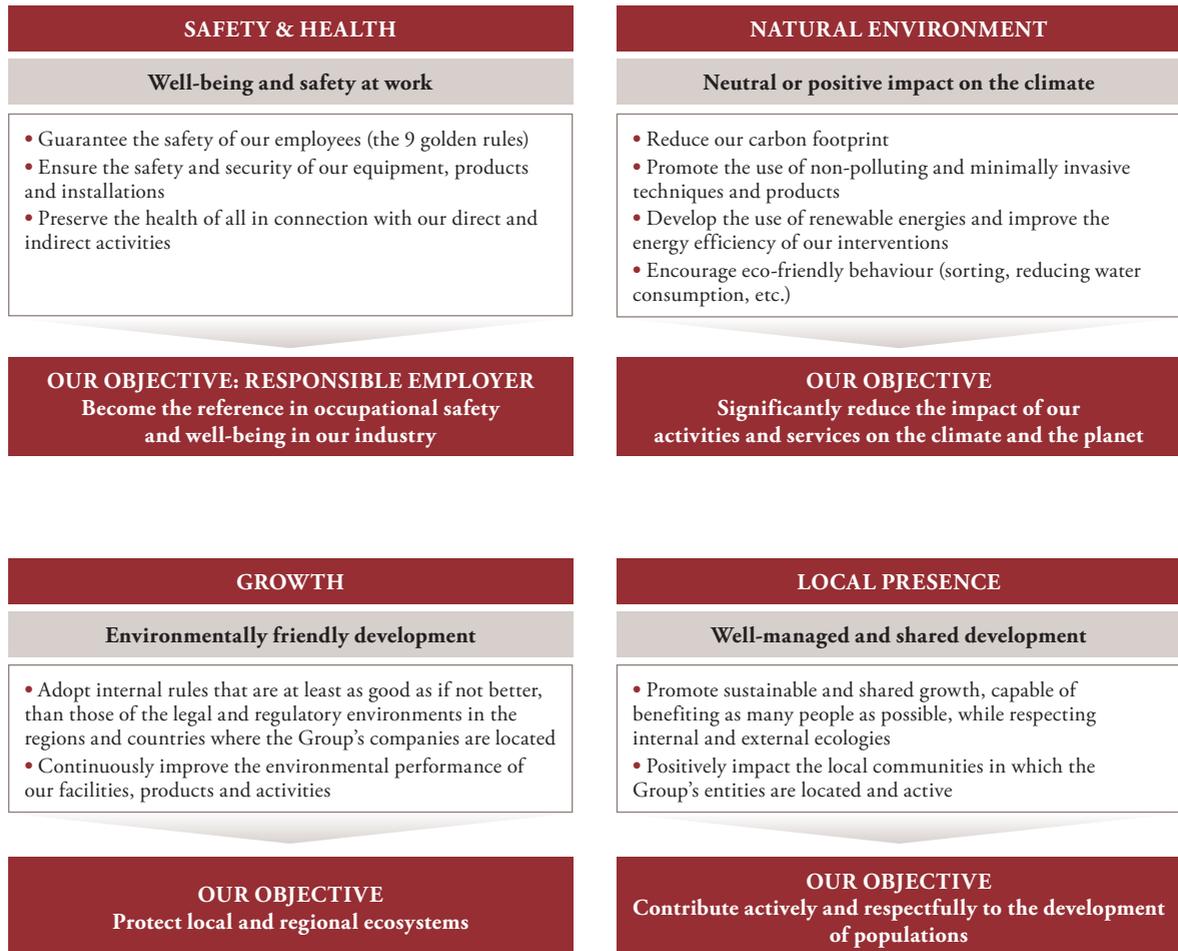
Creating social, societal and environmental value is a strong commitment that we intend to pursue along four main lines (*see diagram on the following page*).

Aware of the global environmental challenges, the need 1. to be part of a policy of protection and rational use of natural resources, 2. to respect the major ecological balances, 3. to promote the protection of our employees in the workplace, which may be exposed sites, and 4. to participate in the development of populations, Altrad has set ambitious and demanding CSR objectives over the past few years.

It is our responsibility to continue our commitment to CSR excellence and to identify the corresponding areas of value creation. Our objective is simple: to make Altrad an ethical group, and to be the reference in its sector of activity in all four areas above.

Aware that sustainable development is no longer an option but an imperative, that participation in the development of the communities and territories in which we operate is part of our *raison d'être*, that the well-being and safety at work of our employees and

**ALTRAD: An ambitious CSR commitment, an ethical Group**



external stakeholders is not negotiable and that it is the foundation that underpins our performance, our ambition is to actively participate in a triple resourcing or value creation path, which runs through all three of these areas:

- Resourcing the planet
- Resourcing local and regional communities and territories
- Resourcing the men and women of the Altrad Group

**Creating value for the planet**, means replenishing it through:

- Sustainable and responsible management of the natural resources used in the composition and manufacture of our products, which are impacted by our service and transport activities, which are potentially affected by our industrial processes
- An active and demanding contribution to the fight against climate change
- An implacable desire to preserve, restore and promote the biodiversity essential to the preservation of life and the habitability of our planet

**Creating value for local communities and territories** means resourcing them through:

- The invention and construction of new models of relationships that respect each other's interests and cultures
- The will to imagine and develop bilateral and multilateral value creation models
- Strengthening 1. the economic and ecological development of the territories and 2. their attractiveness to promote their dynamism and the well-being of their populations
- Participation in 1. the implementation of essential activities or 2. the maintenance of services essential to the health and development of individuals
- The implementation of educational programmes designed to support or give rise to local education or integration initiatives for children and people in situations of great fragility or exclusion

**Creating value for the men and women of the Altrad Group** means resourcing them through:

- The guarantee of a safe, secure and healthy working environment, conducive to the well-being of the Group's employees
- The implementation of conditions (see Altrad Knowledge Management & High Performance Model) to promote the professional development of each individual, the commitment of each employee and the growth of all
- The defence of human rights, respect for diversity, the protection of fundamental social rights, in the strictest respect for the rule of law

Our current management systems already ensure the implementation of these areas of resourcing. However, it is our responsibility to examine them without complacency and identify any obstacles and traps to value creation.

As a first step, we recommend that we redefine more specifically each of our four CSR objectives in terms of safety & health, natural environment, growth and local presence through the prism of value creation and resourcing, and that we add the appropriate performance indicators to them.

We are aware that this is a process that takes place over time, probably over several years. Our determination to reinforce the measures already taken in these areas is strong. It must be accompanied by a certain change in mentalities at all levels of the company, knowing that we now benefit from an enabling (or even constraining) environment that can support our efforts.

The Altrad values of respect, solidarity, courage, humility and conviviality are, we believe, vehicles that promote the circulation of our CSR message not only internally, but also beyond the Group's borders.

# CREATING FINANCIAL VALUE

## FINANCIAL RIGOUR

*Evaluate and measure the Group's financial performance through key indicators that encourage a certain financial rigour in the service of responsible management*

KPIs or Key Performance Indicators are particularly important management tools in that they make it possible 1. a priori to identify the difficulties that may arise and therefore limit or even eliminate the associated risks and 2. *a posteriori* to understand Altrad's performance and measure the health of the Group and each of its entities. This evaluation provides the opportunity to make decisions in the best possible conditions and to position our project on the path to success.

We have invited you to consider additional financial indicators that should be added to our existing dashboard in order to better detect potential financial risks upstream and to better measure the impact of our decisions on the Group's financial health. The table below lists the indicators that you have proposed we study and now take into account.

FINANCIAL/ECONOMIC INDICATORS				
ROI	Return on capex	Order intake and backlog/on time delivery	Average turnover per employee	Average full daily/hourly cost

We believe that our approach must be structured simultaneously around two rationales:

- A process for regularly measuring and evaluating the performance of the Group's subsidiaries and the holding company, and consequently of their managers, in order to 1. control the financial health of the Group and its entities and 2. allow decisions and adjustments to be made under the best conditions of time and information
- A process for identifying value or cash (value and cash traps, i.e. practices that, 1. through lack of adequate control or attention, or 2. through negligence or ignorance of their impact lead to significant financial losses (such as losses in economic and financial value of unsold inventory)

To provide us with a dashboard that is simple, readable, actionable and relevant, we recommend incorporating measurement criteria and performance indicators that can report on our activity as accurately as possible and on the impact of our decisions in terms of value creation or destruction.

Today, the Altrad group measures the performance of its managers and executives using three indicators

- EBITDA
- Free Cash Flow
- The TRIF (Total Recordable Injury Frequency) which represents safety performance

*EBITDA is the measure of current wealth creation before any calculated expense.*

The EBITDA used is a **recurring** EBITDA. It measures income before: tax income/expenses, financial items, net depreciation and amortization and non-recurring income/expenses.

*FCF Free Cash Flow corresponds to the cash generated by current and non-current operating cash flows after the payment of financial expenses, taxes and investments for the development and/or maintenance of the business.*

Free Cash Flow contributes to the change in each entity's net debt over the period, and therefore includes both current and non-current operating cash flows, cash flows (interest), tax flows and non-operating cash flows.

EBITDA and Free Cash Flow have been chosen as indicators because they are used by the entire financial community, both to value the Group and to calculate its leverage level, and therefore its financial capacity to repay its debt.

Thus, the formulas for calculating the valuation of our group (holding company and subsidiaries) and the leverage most commonly used both for the Group and its peers are:

- **Valuation method**

**Multiple (10 to 12×) × EBITDA – Net debt**

Net debt is equal to gross debt minus available cash.

It varies each year with the amount of Free Cash Flow generated.

- **Financial leverage**

**Net debt / EBITDA**

Financial leverage is a measure of the Group's ability to repay its debt. It is also the covenant used in the group's syndicated credit contracts, which provides access to more or less advantageous pricing depending on its level.

Thus, by involving Altrad's managers in EBITDA and Free Cash Flow, they are directly involved in the Group's value creation and the control of a healthy financial structure.

In addition, the setting of EBITDA and Free Cash Flow objectives makes it possible to cover most of the intermediate management indicators of each company:

- **EBITDA** is calculated as follows:

	Turnover
×	Gross Margin Rate
	Gross Margin
–	Overhead costs
+ / –	Provisions and allocations relating to depreciation and amortization included in gross margin
=	EBITDA

- the **Free Cash Flow** is defined thus:

	EBITDA
+ / –	Variation in working capital requirements (Clients, WIP, stock, suppliers)
–	Investments (Capex) paid
+ / –	Financial income in cash
+ / –	Non-current cash items
–	Cash taxes
+ / –	Other receipts/disbursements
=	FREE CASH FLOW = VARIATION IN NET DEBT

These indicators are challenged and set when the budget is established, and the differences between the budgetary objectives and the actual results are monitored monthly for each of them.

However, the current system can be improved by taking better account of the elements related to asset preservation and optimising the use of resources (efficiency).

The objective is to ensure the optimal return on assets employed, a source of value creation, and to dispose of dormant assets that constitute non-values by selling them, in order to recover the corresponding cash trap.

**The following reflections are therefore proposed:**

#### → **EBITDA and adjusted EBITDA**

To reflect in more detail and with greater reliability the value creation actually produced, EBITDA could be supplemented by taking into account impairment losses on current assets, resulting in the determination of an adjusted EBITDA.

This will also ensure that managers are aware of impairment losses on current assets and the cash trap that could be valued.

Thus, with regard to **depreciation of current assets (inventory, customer and wip)**, the charges to/reversals of provisions for the year will be taken into account for the calculation of adjusted EBITDA, both to set budgetary objectives and to achieve them.

(NB: WIPs and inventories recognized directly in the margin and already impacting EBITDA will not give rise to an adjustment)

**Non-recurring items** not provided for in the budget must be validated with the holding company and may be included in the calculation of adjusted EBITDA. The analysis will be made on a case-by-case basis, distinguishing between non-operating items (disputes) and operating items (losses on completion).

**The calculations of this strictly internal adjusted EBITDA performance indicator should be disseminated in a limited manner and reserved for the strict purpose of measuring managers' operational effectiveness.**

→ **Free cash flow**

Free cash flow accurately reflects the change in net debt and should therefore be retained as it stands.

A more detailed analysis of customers' ageing balances, stocks and WIPs can be carried out, with the setting of specific clearance objectives for each company, in order to identify and liquidate assets with a certain age (to be determined per subsidiary).

Thus, the budgeted FCF could be adjusted according to the liquidity objectives of the dormant assets, the recovery of dubious loans, the mobilisation of dormant stocks, thus enabling the cash trap relating to these items to be realised (collected).

→ **Return on investment/return on assets (roa)**

In order to measure the efficiency of the various entities of the group and their ability to generate sustainable growth through the relevance of the investments decided on in the budget, the proposal is to introduce an indicator of return on assets or return on capital invested and employed.

Assets (or invested capital) are the sum of

- gross fixed assets + leased assets IFRS 16
- and gross WCR (stock + customers + WIP – suppliers)

The profit generated by these assets corresponds to EBITDA, adjusted where necessary as indicated in the previous paragraph.

Thus, invested capital (in the strictly financial sense) can be considered to consist of gross fixed assets plus the value of leased assets within the meaning of IFRS.

Capital employed reflects a broader economic reality. It is composed of gross fixed assets and gross working capital (stock + customer + WIP – trade payables + other operating payables).

In both cases, the profit generated by these assets corresponds to the adjusted EBITDA as defined in the previous paragraph.

The ROA can therefore be expressed in two complementary ways.

For the sake of simplification and in view of the necessary restatements, it is proposed to calculate the ROA as follows:

- **ROA on invested capital**

Adjusted EBITDA for the period/Average value of fixed assets over the period<sup>1</sup>

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1. The average value of fixed assets and working capital will be equal to the average of the monthly values, which will make it possible to take into account the seasonality effect.

- **ROA on capital employed**

Adjusted EBITDA for the period/Average value over the period of fixed assets and WCR<sup>1</sup>

In the long term, it will be possible to integrate other financial indicators into our dashboard that could complement those currently used within the Group.

At this stage, it seems judicious, if not essential, to generalize the use of the three indicators mentioned above.

**After discussion, the proposals mentioned above will be taken up in the context of a Group procedure, which must be implemented by each entity as of 1 January 2020.**

Finally, as indicated above, we recommend, wherever appropriate, the implementation of illustrated dashboards that are easy to use and based on data collected at local and holding levels in order to enable precise and proactive management of our activities and their performance.

The next steps in our discussions will lead us to 1. review all existing indicators, 2. analyse their relevance and usefulness, 3. choose and adopt relevant key indicators in Altrad's environment, 4. and ensure that the Group is consistent with the notion of global value creation.

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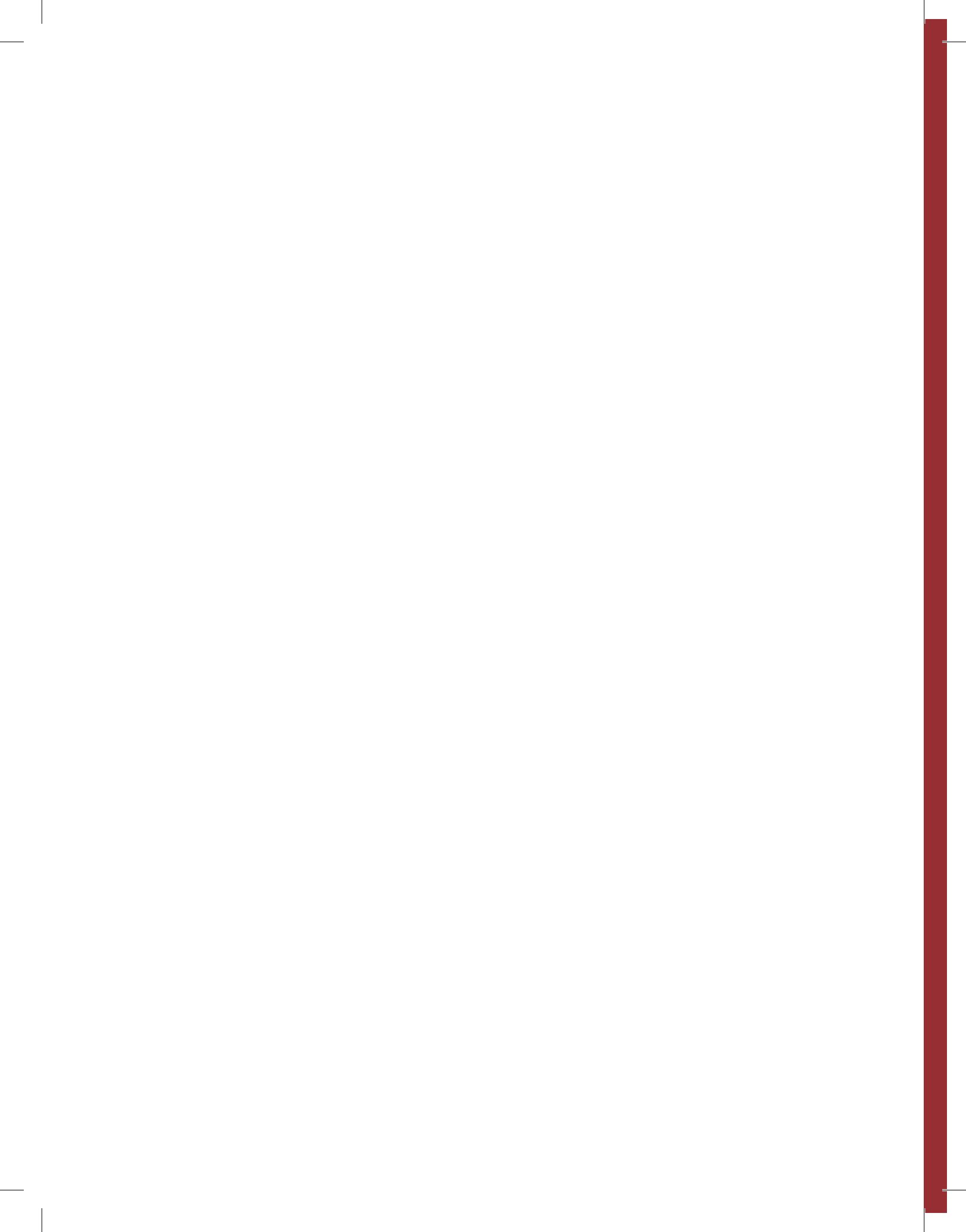
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1. The average value of fixed assets and working capital will be equal to the average of the monthly values, which will make it possible to take into account the seasonality effect.



# FORUM



## OPENING

*To the music of I Am What I Am*

*Gloria Gaynor*

*(<https://www.youtube.com/watch?v=mEVKkIWbPrY>)*

I am what I am—I am my own special creation.  
So come take a look, give me the hook or the ovation.

It's my world

That I want to have a little pride in—my word,

And it's not a place I have to hide in

Life's not worth a damn, 'til you can say:

“I am what I am”

I am what I am, I don't want praise

I don't want pity—I bang my own drum,

Some think it's noise, I think it's pretty.

And so what if I love each feather and each spangle,

Why not try and see things from a diff'rent angle?

Your life is a sham, 'til you can shout out:

“I am what I am”

I am what I am and what I am needs no excuses

I deal my own deck—sometimes the ace, sometimes the deuces.

It's one life and there's no return and no deposit:

One life, so it's time to open up your closet.

Life's not worth a damn 'til you can shout out:

“I am what I am”

I am what I am, am what I am needs no excuses.

I deal my own deck—sometimes the ace, sometimes the deuces.

It's one life, and there's no return and no deposit:

One life, so it's time



## SET 1

# EXCELLENCE AND ETHICS

## Unlawful agreement and illegal labour

### Location

The office of Lucy Saint-Charles  
A Parisian restaurant

### Context

In the past year, the West HM Group, under the direction and guidance of its CEO, Lucy Saint-Charles, has undertaken an in-depth transformation and implemented a new transversal Business Development function.

Everyone is now convinced that the Group's growth requires value creation at all levels of the organization.

The search for and measurement of excellence is on the agenda. The somewhat turbulent context has led West HM Group's management to reflect further on these issues.

### Characters

Lucy Saint-Charles (CEO of West HM Group)  
Vincent Pontet (DGCCRF official)  
Amin Hayeb (CEO of MB Petroleum Europe)

### Companies/organizations present

- West HM Group
- DGCCRF (General Directorate for Competition Policy, Consumer Affairs and Fraud Control)
- MB Petroleum Europe

*Lucy Saint-Charles' office, at the headquarters of West HM Group.  
The phone rings.*

**VOICE-OVER** [*telephone*]. – Mrs. Saint-Charles, I have someone here from the DGC... wait... the DCGC... no, the DGCCRF. Does that mean anything to you?

**LUCY SAINT-CHARLES.** – The DGCCRF? Yes, it's the General Directorate for Competition Policy, Consumer Affairs and Fraud Control. Is he on the phone?

**VOICE-OVER** [*telephone*]. – No, he's downstairs, at reception, he's asking to see you. He doesn't have an appointment. Mr Pontet. Vincent Pontet.

**LUCY SAINT-CHARLES.** – The DGCCRF never has an appointment. Thanks, Diane. Send him in.

And Diane, could you cancel my next two appointments? I'm not taking any calls for the next two hours.

**VOICE-OVER** [*telephone*]. – Is everything all right, Mrs. Saint-Charles? Is it serious?

**LUCY SAINT-CHARLES.** – I don't know yet, but... we'll find out soon enough. I'll receive this Mr. Pontet in my office. Please bring us some mineral water.

**VOICE-OVER** [*telephone*]. – I'll take care of it right away. Anything else?

**LUCY SAINT-CHARLES.** – No thanks, Diane. That will be all.

*Fade out.*

*To the music of Don't Leave Me This Way**Thelma Houston**(<https://www.youtube.com/watch?v=LLXolMIOcFA>)*

Mmmmmm mmmmm mmmm

Ooohhhh ohhh ohh oh oh oh

Don't follow this way

Don't play this game

You'll break the rules

Against the law, oh stop it.

Don't follow this way, no,

Don't play this game, you're surely miss

Your dignity

So don't follow this way

Ahhhh—Stop it !

My heart is full doubt and distrustful of you

Now come on down and do what you've gotta do.

You started this fire down in my soul,

Now can't you see it's ruining, out of control

So come on down and change your mentality

'Cos only your good moving can set you free

Don't, don't follow this way, no,

Can ya understand you're out of command ?

So really please... please

Don't go this wrong way, no please

Don't follow this way, no

Don't play this game

You'll break the rules

Against the law, oh stop it.

Don't follow this way.

Ahhh—Stop it !

My heart is full doubt and distrustful of you

So come on down and do what you've gotta do.

You started this fire down in my soul,

Now can't you see it's ruining, out of control

So come on down and change your mentality

'Cos only your good moving can set you free

Mentality... change your mentality... (ad lib)

Change change change your mentality...

*Lucy Saint-Charles' office, at the headquarters of West HM Group.  
Lucy Saint-Charles shows Monsieur Pontet in and greets him.  
They sit down facing each other, on either side of Lucy Saint-Charles' desk.*

**LUCY SAINT-CHARLES.** – Mr Pontet? Good morning. Lucy Saint-Charles. Please take a seat. Can I offer you some water?

**VINCENT PONTET.** – Yes please.

**LUCY SAINT-CHARLES.** – Still? Sparkling?

**VINCENT PONTET.** – Still will be fine, thank you.

**LUCY SAINT-CHARLES** [*serves him and sits down at her desk*]. – So, how can I be of assistance to you?

**VINCENT PONTET.** – Does Lisbeth Singer work for the West HM Group?

**LUCY SAINT-CHARLES.** – Yes, she does. Ms Singer is the Business Development Director of our subsidiary West HM Steelo. What is this all about?

**VINCENT PONTET.** – I'm coming to that. Ms. Singer is suspected of unlawful agreement with competitors of the West HM Group.

**LUCY SAINT-CHARLES.** – I beg your pardon?

**VINCENT PONTET.** – Ms. Singer is suspected of an illegal agreement with three of West HM's direct competitors. Were you aware of a meeting held on October 11 at the Hotel Le Métropole?

**LUCY SAINT-CHARLES.** – I don't know what you're talking about. An unlawful agreement? Lisbeth? There must be some mistake.

**VINCENT PONTET.** – I'm afraid not, Ms. Saint-Charles.

[*Vincent Pontet takes a file out of his briefcase and starts consulting a document*]

**VINCENT PONTET.** – On Friday, October 11, 2019, at 9:00 am, a meeting was held in the Révérence Lounge of the Hôtel Métropole in the 8th arrondissement of Paris, attended by Lisbeth Singer, West Steelo's BD Director, and Forget, Harrison and Fuzi, respectively sales managers of Steel Europe, Steel & Co, and Acciaio Italia. Do these names mean anything to you?

**LUCY SAINT-CHARLES.** – Yes, I know Mr. Forget and Mr. Fuzi personally. Mr. Harrison by name, only. I've never met them face to face. I still don't understand.

**VINCENT PONTET.** – According to our information, the discussions held during this meeting justify the intervention of the DGCCRF services. I'm here to inform you that an investigation has been opened.

**LUCY SAINT-CHARLES.** – Forgive me, I'm a little shocked. What was the nature of these discussions? Why is the DGCCRF interested in them?

**VINCENT PONTET.** – As you know, the General Directorate for Consumer Affairs is a regulatory authority whose mission is to guarantee the fairness of transactions to consumers. Within the framework of our powers and prerogatives, and under the control of the Ministry of Economy to which we report, we are responsible, among other things, for the fight against cartels and abuses of dominant positions, the control of mergers, and the fairness of commercial relations between suppliers and distributors.

As I was saying, according to our information, we have a proven case of agreement on the prices of processed steel for a period of 24 months between the participants in this meeting.

I don't think I need to remind you that such cartel practice is illegal, and that it is punishable by heavy sanctions.

**LUCY SAINT-CHARLES.** – Are you sure that these discussions resulted in an illegal agreement?

**VINCENT PONTET** [*he reads*]. – “An anti-competitive agreement is an agreement or concerted action which has as its object or may have the effect of preventing, restricting or distorting competition in a market for specific products or services.”

I repeat: our information suggests that we are dealing with a proven case of agreement that is likely to limit or even obstruct price setting through free market forces.

Such practices may result in administrative, but also civil or even criminal sanctions.

**LUCY SAINT-CHARLES.** – These are very serious charges, Mr Pontet.

**VINCENT PONTET.** – They are very serious charges.

Indeed, Ms. Saint-Charles. I have come to inform you that our services will proceed with the verification of all the paper and electronic documents that we consider useful to consult in the context of this investigation.

**LUCY SAINT-CHARLES.** – West HM Steelo's offices are located on the 10th floor of the building. I will immediately notify Brice Quentin, the CEO of Steelo.

**VINCENT PONTET.** – That will not be necessary, Ms. Saint-Charles. DGCCRF officials are already on site.

**LUCY SAINT-CHARLES.** – Already?! [*She pulls herself together*] All right. I see you're not wasting any time.

**VINCENT PONTET.** – Ms. Saint-Charles, I am also here to inform you that I am the person in charge of the West HM inquiry. [*pause*] I'm going to need to access your computer.

*Fade out.*

**LUCY SAINT-CHARLES** [*On the telephone*]. – Diane, can you get our company lawyer on the phone?

*Fade out.*

*To the music of Every Breath You Take**The Police**(<https://www.youtube.com/watch?v=OMOGaugKpzs>)*

Every path you take  
Every move you make  
Every rule you break  
Every choice you make  
It might be on you

Every single day  
Every lie you say  
Every game you play  
Every wrong you lay  
It might be on you

Oh can't you see  
Responsibility  
Your reputation aches  
With every huge mistake

Every path you take  
Every move you make  
Every rule you break  
Every choice you make  
It might be on you

Since you've changed direction I lost your trace  
And when I look at you I can't see your face  
I look around but you are hard to replace  
I feel guilty but know I have to embrace  
This all new reality I hate, so please

Oh can't you see  
Responsibility  
Your reputation aches  
With every huge mistake

Every path you take  
Every rule you break  
Every truth you fake  
Every goal you stake  
It might be on you

Every rule you break  
Every choice you make  
It might be on you

It might be on you  
(Every path you take, Every move you make, Every rule you break, Every choice you make)  
It might be on you  
(Every single day, Every lie you say, Every game you play, Every wrong you lay)  
It might be on you  
(Every path you take, Every rule you break, Every truth you fake, Every goal you stake)  
It might be on you  
(Every single day, Every lie you say, Every game you play, Every wrong you lay)  
It might be on you  
(Every path you take, Every move you make, Every rule you break, Every choice you make)  
It might be on you  
Every single day, Every lie you say, Every game you play, Every wrong you lay)  
It might be on you

*A Parisian restaurant.*

*Lucy Saint-Charles, a little late, walks quickly through the room towards the table where Amin Hayeb, CEO of MB Petroleum Europe, a petrochemical company and client of West HM Group, is waiting for her.*

**LUCY SAINT-CHARLES.** – Amin, sorry, I'm late. The traffic in this city is a nightmare!

**AMIN HAYEB.** – No worries, Lucy. I just got here. Please, have a seat. Would you like something to drink? [*At the same time, he signals to the waiter.*]

**LUCY SAINT-CHARLES.** – I think I'll have a glass of Chardonnay. I don't usually drink at lunchtime but I'm breaking the rule for once.

**AMIN HAYEB** [*Speaking to the waiter*]. – Two glasses of Chardonnay, please. [*To Lucy*] How are you?

**LUCY SAINT-CHARLES.** – I've known more ... how can I put it?... more joyful times. Not very business-like, as a term, but the period is a little difficult, and singularly lacks joy. [*She pauses, then resumes, more enthusiastically*] And you, Amin, how are you doing?

**AMIN HAYEB.** – Fine, well, not too bad.

To be completely honest with you, I wanted to talk to you about a rather delicate situation. That's why I invited you to lunch.

**LUCY SAINT-CHARLES.** – Please reassure me, no new accidents and serious burns this time?! [*Amin looks at her a little embarrassed*] I'm listening.

**AMIN HAYEB.** – No, no accidents. But a tricky situation, which I think is important to share with you sooner rather than later. [*She gives him an encouraging look*]

Remember that MB Petroleum acquired a small company two years ago that is involved in the refining process. This company is now called MB Refining Middle East. It is an operation, based in the Middle East, with some 800 employees that has developed rather unique know-how that significantly improves the refining processes used by MB Petroleum.

I'll spare you the technical details. Basically, MB Petroleum is very pleased with the acquisition. Well, it was until last week.

**LUCY SAINT-CHARLES.** – What happened? [*The waiter arrives to take their orders*] The dish of the day, please.

**AMIN HAYEB.** – Same for me. Thank you.

**LUCY SAINT-CHARLES.** – What happened last week?

**AMIN HAYEB.** – We learned that MB Refining employs nearly 20% of its staff on the black. We found out that 150 people working at a sensitive production site were not registered. *[He pauses, waiting for Lucy's reaction]*

**LUCY SAINT-CHARLES.** – Okaaayyyy

**AMIN HAYEB.** – It was during a visit by their local equivalent of the work inspector... suddenly the cat was out of the bag.

**LUCY SAINT-CHARLES.** – Didn't you see this coming?

**AMIN HAYEB.** – To be perfectly honest, we know that the team supervisors take a few liberties sometimes with labour law when there's a lot of work on. Since the takeover, quite a few training and awareness campaigns have been carried out to eradicate these practices. We're not naive, we knew it wasn't all settled. *[He sighs]*

No, what surprised us was the extent of the problem. 150 people is huge. At that scale, the repercussions for MB Refining are far from negligible.

**LUCY SAINT-CHARLES.** – In practice? What are the likely consequences?

**AMIN HAYEB.** – In addition to the financial proceedings and fines, there are fears of an outright closure of the company.

**LUCY SAINT-CHARLES.** – That bad? Is it because of the scale of the fraud?

**AMIN HAYEB.** – There's that, of course. But not only that. It is also a matter of politics.

**LUCY SAINT-CHARLES.** – A matter of politics?

**AMIN HAYEB.** – Yes, when MB Petroleum acquired what is now MB Refining, we were not the only interested buyers. We managed to make the deal by creating a joint venture with the nephew of one of the regime's dignitaries. A member of the royal family, to put it simply.

Except that, since the operation, the nephew in question has fallen into disgrace. As a result, they are doing what they can to harm his interests. Even if it involves an excessive measure like the one we are suffering from.

**LUCY SAINT-CHARLES.** – What are your options?

**AMIN HAYEB.** – Our lawyers and in-house legal team are working on it around the clock. The case made the national press headlines over there, of course. As you must have seen, MB Petroleum's stock has taken a hit.

**LUCY SAINT-CHARLES.** – It hadn't escaped me.

**AMIN HAYEB.** – And this is probably just the beginning. If the closure of MB Refining is confirmed, shares could lose another 20%. Needless to say, the Board of the group is on edge. In terms of image and reputation, the impact is dire.

**LUCY SAINT-CHARLES.** – What about MB Petroleum Europe?

**AMIN HAYEB.** – For the moment, we're working as if nothing has changed. But I can't rule out that if the group's shares continue to fall, budget cuts will soon become necessary.

**LUCY SAINT-CHARLES.** – Which is why you called and why we're having lunch?

**AMIN HAYEB.** – Which is why I called and we're having lunch. MB Petroleum Europe intends to honour the contract we have with West HM Group. The work started cannot be interrupted halfway, of course. But I can't hide the fact that we're probably going to have to... re-discuss the conditions for the second phase.

**LUCY SAINT-CHARLES.** – To what extent? You already have an idea, I presume?

**AMIN HAYEB.** – 15 to 20%. Lucy, I'm sorry. I know this is not the way we're used to working together.

**LUCY SAINT-CHARLES.** – Amin, I appreciate the heads up. I'll take the necessary steps to arrange a meeting with our respective legal and business development departments as soon as possible.

[*She checks her diary on her phone*] For me, next week would work. Shall we say Tuesday? 8:00 am at your offices?

**AMIN HAYEB** [*Amin checks his diary at the same time*]. – Perfect. Tuesday 8:00 am, then, if that slot suits everyone else. How about dessert?

*Fade out.*



## SET 2

### EXCELLENCE AND SAFETY

#### Personal safety and prevention of psychosocial risks

#### Production site safety

##### Locations

The premises of West HM Group. A conference room.

The interior of one of Fareep's foundries, manufacturer of high-precision parts for the civil and military industry.

##### Context

In the past year, the West HM Group, under the direction and guidance of its CEO, Lucy Saint-Charles, has undertaken an in-depth transformation and implemented a new transversal Business Development function.

Everyone is now convinced that the Group's growth requires value creation at all levels of the organization.

The search for and measurement of excellence is on the agenda. The somewhat turbulent context has led West HM Group's management to reflect further on these issues.

##### Characters

Paul Black (HR Director for West HM Group)

In the room, some 120 Group executives are gathered for a training session on the prevention of psycho-social risks.

Lucy Saint-Charles (CEO of West HM Group)

Fred Gibbs (CEO of Fareep)

Jean Darbois (Production Manager)

##### Companies/organizations present

- West HM Group
- Fareep

*The conference room*

*The participants settle in. Everyone is talking and the excitement seems quite high.*

**PAUL BLACK.** – Ladies and gentlemen, please take your seats. We'll start in a minute.

*[The participants sit down.]*

**PAUL BLACK.** – Are we ready? Everyone sitting comfortably? Great.

Lights please!

*[The light in the room goes out. Without further introduction, a video starts]*

<https://www.youtube.com/watch?v=34b6PqchnXg>

*[Lights turn back on]*

So? Did you like it?

Okay, as announced, our session this morning is on the prevention of psychosocial risks.

First of all, some background information.

As you know, West HM Group is engaged in an ambitious project that places excellence at the heart of customer satisfaction. The aim is to create the conditions for the emergence and preservation of excellence, not as an end in itself, but as a means to create value.

When we talk about value creation, we are talking about overall value. We promote this holistic approach, which aims to create not only financial and economic value, but also CSR value and human value.

On this last point, we consider that the creation of human value comes first and determines all the others. A company is an organization made up of men and women, serving men and women, and beyond that, a community and sometimes society as a whole. Our approach is therefore humanistic. It is rooted in strong values, such as respect, courage, conviviality, humility and solidarity. It honours excellence, not as an end in itself, but as a means of continuous improvement that best serves the expectations and needs of our customers, both internal and external.

Our credo: to create the conditions for everyone's development to enable the Group's growth. You are already familiar with this. I won't dwell on it any further.

What I would like to stress, however, is safety and well-being at work, and what threatens this, namely psychosocial risks, our topic of the day.

Are you all familiar with the term? Everyone?

**A PARTICIPANT.** – Paul, can you give us the exact definition, please? Just so there's no misunderstanding.

**PAUL BLACK.** – Absolutely. In a nutshell: "Psychosocial risks are defined as risks to the physical and mental health of workers. Their causes lie in working conditions, factors related to work organization and labour relations. They can concern all companies, regardless of size and sector of activity".

You can also consult the Ministry of Labour website, it's all there.

**A PARTICIPANT.** – And in concrete terms?

**PAUL BLACK.** – Look: this category of psychosocial risks covers the following:

[*Paul reads or shows a slide*]

- *stress resulting from the feeling of not meeting the desired requirements or expectations;*
- *internal violence committed by workers: major conflicts, moral or sexual harassment;*
- *external violence against employees by persons outside the company;*
- *burnout syndrome.*

Of course, these risks can combine and interact with each other. Typically, a situation of violence or stress in one part of the company can have consequences at other levels, and lead to generalized stress within a team or department.

In France, companies have a legal obligation, which is an obligation to achieve a specific result, in this case, to protect employees from such risks.

Under articles L 4121-1 to 5 of the Labour Code—sorry to be a little technical here, but the company’s responsibility is important in this area—the employer must take all necessary measures to ensure the safety and protect the physical and mental health of employees.

**A PARTICIPANT.** – What concrete measures are we talking about?

**PAUL BLACK.** – [*He reads or shows a slide*]

- *actions to prevent occupational risks,*
- *information and training action,*
- *the establishment of an appropriate organization and resources.*

**A PARTICIPANT.** – To come back to the notion of an “obligation to achieve a specific result”. What exactly does that mean?

**PAUL BLACK.** – This means that the company’s obligation is not limited to bringing the organization into compliance. It has to succeed in ensuring the expected result. This is the whole difference between an obligation of best efforts and an obligation of performance.

**A PARTICIPANT.** – That’s very demanding! How do we guarantee such a result??

**PAUL BLACK.** – You’re right, it is very demanding. That is exactly the spirit of the law. The French Labour Code sets out 9 principles of prevention that must be respected:

[*He reads or shows a slide*]

- *Avoid risks*
- *Assess the risks that cannot be avoided*
- *Combat risks at source*
- *Think about the ergonomics of the workstations*
- *Take into account advances in the field*
- *Make work less dangerous*
- *Plan prevention actions*
- *Take collective protection measures*
- *Give clear instructions*

That’s what the video showed earlier. Any other questions?

**A PARTICIPANT.** – Sorry to be so direct, but it puts a lot of pressure on us managers. An obligation to achieve results? I understand the philosophy behind all this, the importance of protecting employees, including us. But is it realistic to think we can avoid all problems? Does this mean that if there is tension, sometimes unavoidable between two people or because of the company's current situation, you can be held responsible?

**PAUL BLACK.** – If the safety or physical or mental health of the person or persons concerned is compromised, the company may be held liable.

**A PARTICIPANT.** – Does that include harassment?

**PAUL BLACK.** – Of course. In this area too, the law requires the employer to prevent psychological or sexual harassment. It goes as far as to classify certain behaviors as a form of violence for those who are subjected to them.

**A PARTICIPANT.** – It's a little scary...

**PAUL BLACK.** – I understand. That's why we want to increase training sessions like this one within the West HM Group. Everyone needs to know the definitions, to have the benchmarks to identify and prevent situations of stress, harassment or violence. Our objective is to inform you of the steps to be taken, and also to reflect together on what we can set up to ensure the protection and safety of all.

**A PARTICIPANT.** – And outside of France?

**PAUL BLACK.** – You'll find all the information on the websites of the European Agency for Safety and Health at Work and the European Foundation for the Improvement of Living and Working Conditions. Our objective is to apply best practices wherever the Group operates. Any other questions?

**A PARTICIPANT.** – Yes! What time's the break?

*Fade out.*

*To the music of Can't Take My Eyes Off You*

*Frankie Valli & The Four Seasons*

(<https://www.youtube.com/watch?v=ezcOlk29qcU>)

You're just too stressed to be good  
 Can't take a rest for you  
 You're always in such a rush  
 I wanna help you so much  
 At long last injury arrived  
 And I thank God you're alive  
 You're just too stressed to be good  
 Can't take a rest for you

There's (a)nother way to be there  
 Don't need always to compare  
 You'll find the way how to reach  
 If you evacuate your fear  
 But if you feel like you feel  
 (Re)member you're not made of steel  
 You're just too stressed to be good  
 Can't take a rest for you

Don't give up, my friend  
 And listen to your heart  
 We need you, my friend  
 To strengthen every part  
 Don't give up my friend  
 I trust you when you say:  
 You've always been ready  
 Don't stress you down, I say  
 You've always been ready, now that you found the way  
 (And) feel more safety, my friend  
 Feel more safety

You're just too stressed to be good  
 Can't take a rest for you  
 You are like always in rush  
 I wanna help you so much  
 At long last injury arrived  
 And I thank God you're alive  
 You're just too stressed to be good  
 Can't take a rest for you

Don't give up my friend  
 And listen to your heart  
 We need you my friend

To strengthen every part  
Don't give up my friend  
I trust you when you say:  
You've always been ready  
Don't stress you down, I say  
You've always been ready, now that you found the way  
You've always been ready  
I trust you when you say:  
You've always been ready  
Don't stress you down, and say  
You've always been ready, now that you found the way  
(And) feel more safety, my friend  
Feel more safety

*Inside one of Fareep's foundries.*

*Lucy Saint-Charles, CEO of West HM, Fred Gibbs, CEO of Fareep and Jean Darbois, Production Manager of Fareep, are visiting the plant.*

**LUCY SAINT-CHARLES.** – I'm pleased to be spending time with you. These last few days have been quite busy, and I'm quite curious to discover the inside of a foundry.

**FRED GIBBS.** – Is this your first time?

**LUCY SAINT-CHARLES.** – As surprising as it may seem, yes. Jean showed me your production line last year, following the quality incident we had with West HM Steelo. But I have never been to the Holy of Holies before! The heart! The sanctuary where the steel is melted. I must admit, I'm very excited to discover it all.

**JEAN DARBOIS.** – But for that, you'll need to be kitted out. [*Jean hands Lucy a suit and protective shoes*]  
It's over 50°C near the furnaces.

**LUCY SAINT-CHARLES.** – 50°! Wow! How do the teams cope?

*[Everyone puts on their protective equipment.]*

**JEAN DARBOIS.** – There are air-conditioned cabins at strategic points in the plant. Each worker or foreman stays near the furnaces for a maximum of 10 minutes, and returns to the cabin.

**FRED GIBBS.** – On average, each man has 3 litres of water available per day. This is about what they need to compensate for the water loss caused by heat.

**LUCY SAINT-CHARLES.** – What if there's a heat wave? Like last year for instance...

**JEAN DARBOIS.** – The quantities are adapted, of course. On some stations, we've gone up to 5 litres per person!

**FRED GIBBS.** – Ready, Lucy? Shall we go?

**LUCY SAINT-CHARLES.** – All set!

**JEAN DARBOIS.** – Feel the heat? It's already 32°C in here!

**LUCY SAINT-CHARLES.** – Yes, I realize that. It's heating up! I can't imagine what it'll be like near the furnaces.

**JEAN DARBOIS.** – We'll take a freight elevator up to the first furnace.

**LUCY SAINT-CHARLES** [*Laughing*]. – Is it air conditioned?

**FRED GIBBS.** – Not yet! But we're thinking about it.

**JEAN DARBOIS.** – We'll go through this first section of the factory before we go up. This way, please.

**FRED GIBBS.** – Time for me to describe our process for protecting the people and sites. Is that okay with you?

**LUCY SAINT-CHARLES.** – You bet! Always happy to learn and exchange best practices.

**FRED GIBBS.** – As you know, at Fareep, safety is a prerequisite for employment and a principle from which we cannot deviate. As soon as they join the company, our new employees are made aware of everyone's responsibility in terms of safety.

**JEAN DARBOIS.** – Our commitment is to protect all our employees, particularly those workers who are highly exposed to multiple risks.

**FRED GIBBS.** – Our managers and directors are in charge of conducting "safety visits" on all our sites.

**LUCY SAINT-CHARLES.** – Glad to give you an opportunity to do so!

**JEAN DARBOIS.** – No one is exempt from the rule, not even Fred!

**FRED GIBBS.** – Especially not me! All our safety policies and procedures are approached both locally and globally. We've defined a series of criteria that are valid everywhere, regardless of location and culture. Everything is translated into the language of the country concerned, of course, for immediate understanding.

**LUCY SAINT-CHARLES.** – And these procedures are regularly adapted?

**FRED GIBBS.** – We've set up a Group Safety Committee which, among other things, identifies and reviews all the incidents listed. The committee specifically reviews the most severe ones. The aim is to make the necessary changes to prevent risks.

**JEAN DARBOIS.** – Plus the safety audits we conduct on all our employees! We attach a lot of importance to feedback from workers. All those who work in the field, as close as possible to the action, know what they are talking about. They are usually the ones who find the most appropriate solutions to the problems.

**LUCY SAINT-CHARLES.** – Makes sense!

**JEAN DARBOIS.** – Everyone receives regular training, regardless of their position in the organization.

*[They arrive at the freight elevator and get in]*

Lucy, please. Sit at the back, you'll get a better view of the whole plant.

**FRED GIBBS.** – In fact, our safety programme is based on five main principles or pillars, if you like.

So, as I said, there are five main principles:

- The implementation and dynamic sharing of best practices throughout the group
- A strong commitment to become a learning organization to prevent accidents from reoccurring and to learn from our mistakes
- The total commitment of everyone in the service of safety. With a particular focus on the continuous improvement of safety “driven” by senior management
- The generalization of safety audits, which is accompanied by the development of IT tools to ensure the most effective possible sharing of all safety events and their resolution
- Fareep’s open collaboration with its customers and suppliers with a view to adopting the best standards in terms of occupational safety

*[The elevator arrives at their destination and they get out. When they arrive on the platform, a man is waiting for them with a plastic cups containing sparkling water.]*

**LUCY SAINT-CHARLES.** – Champagne? Are we celebrating something?

**FRED GIBBS.** – Yes, the new contract Fareep is planning to sign with West. We cannot drink alcohol on site so only have sparkling water. When we go for dinner tonight we will crack open the champagne! A bit too much for you?

*Fade out.*

*To the music of Stand By Me*

*Ben E. King*

*(<https://www.youtube.com/watch?v=hwZNL7QVJjE>)*

When the stress has come  
And the future's a blur  
And quitting is the only choice for me  
No, I won't quit like that, no I won't quit like that  
Just as long as my friends stand, stand by me

So please friends, dear friends, stand by me, oh stand by me  
Oh stand (by me), stand by me, stand by me

If the risks are too high  
Such one could fail or fall  
Or our brand could be harmed for real long  
I will stand and speak out, I will not hold my tongue  
For I won't let us fall on our knees

So please friends, dear friends, stand by me, oh stand by me  
Oh stand (by me), stand by me, stand by me

So please friends, dear friends, stand by me, oh stand by me  
Oh stand by me, stand by me  
Whenever we're in trouble won't you stand by me  
Oh stand by me, won't you stand by me

## **SET 3**

# **EXCELLENCE AND ENVIRONMENT**

## **The need to clean up an industrial site**

## **Implementation of eco-responsible practices**

### **Locations**

An office in the northern industrial park of Amiens

West HM Group's premises

### **Context**

In the past year, the West HM Group, under the direction and guidance of its CEO, Lucy Saint-Charles, has undertaken an in-depth transformation and implemented a new transversal Business Development function.

Everyone is now convinced that the Group's growth requires value creation at all levels of the organization.

The search for and measurement of excellence is on the agenda. The somewhat turbulent context has led West HM Group's management to reflect further on these issues.

### **Characters**

A woman and a man (we later learn that they are the owners of the Ateliers Lambert industrial workshop)

Lucy Saint-Charles (CEO of West HM Group)

### **Companies/organizations present**

- West HM Group
- Ateliers Lambert

*An office*

*A man and a woman*

**THE WOMAN.** – Did you get the results of the latest samples?

**THE MAN.** – Yes. I'm afraid they're no better than the core samples.

**THE WOMAN.** – In other words?

**THE MAN.** – In other words, as expected, the soil is polluted.

**THE WOMAN.** – How deep?

**THE MAN.** – Deep. More than 4 meters.

**THE WOMAN.** – Shit! Easily detectable?

**THE MAN.** – Frankly, you'd have to be blind. The whole site is contaminated. And the groundwater was also affected. We found significant traces of solvents. It's impossible to miss. Even a kid with a junior chemistry set would pick it up.

**THE WOMAN.** – Toxicity levels?

**THE MAN.** – Honestly, I would prefer not to eat any vegetables that grow here, nor send my kids to this school if the site were to be converted back into a school.

**THE WOMAN.** – What's the impact on the value of the land?

**THE MAN.** – Ugly. The cost of clean-up will be huge. No chance of selling the land without reporting the presence of pollutants. Anyway, everyone in the region knows about our business. Seriously? A workshop that employed 32 guys from the region... And since those Greenpeace activists posted their video on the net, there's no chance of putting lipstick on this pig...

**THE WOMAN.** – Or a little light make-up. So the results are not too alarmist?

**THE MAN.** – The labs have all the results. There's no way they're willing to leave out a few. I've already tested the ground. We're dealing with environment fundamentalists who are all, like, "I have a conscience, mister" and "don't touch my planet". It's not looking good.

**THE WOMAN.** – What are our options?

**THE MAN.** – Clean up the site so that it can be sold. Or sell it off cheap and leave the cost of pollution to the buyer. That's all I see.

**THE WOMAN.** – Not to mention we're gonna have everyone on our backs. The mayor, the prefect, the environmental agencies, the Ministry of the Environment, Nicolas Hulot, the environmental activists...

**THE MAN.** – I swear, these guys have nothing better to do than screw the people who work in this country and create jobs. All this to protect the little birds and bees. Seriously?! Our guys couldn't care less about the birds if at the end of the day they don't have anything to eat themselves.  
And, meanwhile, the workshop is closed. 32 guys out of a job.

**THE WOMAN.** – Our land may be polluted, but it's in a really good spot. Ten years ago, everyone wanted it!  
What if we sell to foreigners? I'm sure we can find a company that's looking to set up in France and wants to take advantage of the opportunity to launder a few bank notes that it has forgotten to declare in recent years, right?

**THE MAN.** – It's worth a try! Well-presented... the offer can be attractive, without looking suspicious...

**THE WOMAN.** – Wait a minute! Let me think. Last year, we met the boss of that industrial services company, what was her name again?

**THE MAN.** – Saint-Charles. The West HM Group!

**THE WOMAN.** – Saint-Charles, that's it! She was the one who came to see the two factories next door with the prefect. Official delegation, handshakes, smiles... the whole number!  
I remember, she asked us about the size of the workshop. She was looking to buy an industrial site and wanted to bring the two neighbouring factories together.

**THE MAN.** – Except that between the two factories, there's us!

**THE WOMAN.** – Exactly! We're here! Right in the middle! Just buy us up and hey presto! The two plants are Siamese twins.  
Just because we've shut down doesn't mean we have to let the eco-people rip us off. I'm telling you, this land is worth a lot of money. Get me her number, this St. Charles woman.

*Fade out.*

**LUCY SAINT-CHARLES** [*Lucy Saint-Charles' telephone rings on her desk*]. – Mrs. Lambert? I don't know who she is. [*Pause*] Les Ateliers Lambert in the industrial park north of Amiens? [*Pause*] Oh, yes! Thanks Diane. I'll take the call.  
Mrs. Lambert? Hello...

*Fade out.*

*To the music of Just the Two of Us*

*Grover Washington Jr.*

*(<https://www.youtube.com/watch?v=WOuI4OqJfQc>)*

I see the world falling apart  
And no longer a work of art  
Without the sun to come shining through  
Cars' noxious fumes come cloud my mind  
I think of olden days sometime  
But those days are gone, and soon life too

Just put it on pause  
We can make it if we try  
Just put it pause  
(Just put it on pause)  
Just put it pause  
Getting back pure air 'nd blue sky  
Just put it on pause  
You and I

We look for more, no time to rest  
Wasted nature doomed our nest  
And it doesn't help flowers grow  
Good things might come to those with faith  
To make new choices not too late  
We gotta hurry for all we know

Just put it on pause  
We can make it if we try  
Just put it pause  
(Just put it on pause)  
Just put it pause  
Rest'ring pure air and blue sky  
Just put it on pause  
You and I

I see the world falling apart  
And no longer a work of art  
Without the sun to come shining through  
Cars' noxious fumes come cloud my mind  
I think of olden days sometime  
But those days are gone, and soon life too

Just put it on pause  
We can make it if we try  
Just put it pause

(Just put it on pause)  
Just put it on pause  
Getting back pure air 'nd blue sky  
Just put it on pause  
You and I  
(Just put it on pause)  
(We can make it, just put it on pause)  
(Just put it on pause)

*A seminar venue in the countryside.*

*West HM Group's key HR and Excellence executives are meeting to discuss how to improve environmental protection and reduce the company's carbon footprint. In addition to the executives, Paul Black [HR Director] and Hans Moore [Operational Excellence Director], who co-facilitated the working session, are present.*

*Participants in the Altrad seminar are invited to participate [as if they were West HM executives] via the Altrad Seminar application [mobile application] which will allow them to submit their answers and opinions. Ideally, the results will be displayed on a giant screen in real time.*

*NB: The questionnaire to be integrated into the application is at the end of the scene. It includes all the questions asked in the text of this scene.*

**HANS MOORE.** – Hello, everyone. I hope you had a good journey.

**PAUL BLACK.** – The topic of the day: environmental excellence and the creation of eco-responsible value.

Our objective is above all to engage you, to engage ourselves, in joint reflection on our current practices, in certain areas of our activities.

Today, we invite you to think about all our practices, organizational, professional, even personal, and their impact on the environment.

The second step will be to focus our discussion on possible alternatives in terms of respecting the environment and reducing our carbon footprint. This will be the subject of a future team seminar using the results of today's session as the working basis. Is everything clear?

[*Short pause*] Okay. Let's get started, then.

Hans and I have prepared a series of questions. You will find this questionnaire on the seminar app

*Indicate the path to the Altrad application.*

**HANS MOORE.** – But first, we invite you to watch this short cartoon: [https://www.youtube.com/watch?v=1lhXbu\\_9qOM](https://www.youtube.com/watch?v=1lhXbu_9qOM)

[*The lights go out. Cartoon screening*]

**PAUL BLACK.** – Inviting, isn't it? Any comments? Any reactions?

*If possible, invite Altrad seminar participants to react live from the room.*

**HANS MOORE.** – Let's continue with our investigation. Does everyone have access to the application and the questionnaire? Perfect! All right, here we go.

**PAUL BLACK.** – Before we talk about West, we'll talk a little bit about you, your habits and lifestyles. Okay? What is your eco-responsible involvement in your daily life? I can assure you, your answers will be anonymous. Only the aggregated results are displayed. So you can answer frankly!

*[Ideally, the questions are displayed on a large screen, as well as the aggregated results. After each question and answer, an “improvised” comment can be made, based on the results obtained]*

## SECTION 1: WHAT KIND OF ECO-RESPONSIBLE PERSON ARE YOU?

### Question 1: Shower or bath?

In the morning or evening, I prefer to take:

- A bath in my huge bathtub; I could almost swim lengths in it!
- A shower, but I take my time.
- It depends on the day ahead of me or behind me

### Question 2: Brushing your teeth

When I brush my teeth:

- I turn off the tap while brushing
- I let the water run while brushing, which is why I finish brushing as quickly as possible

### Question 3: Electrical devices [household appliances, computers, tablets, TV, lighting, heating/air conditioning, DIY tools, telephone, etc.]

In my home, how many electrical appliances remain permanently connected?

- Less than 100
- More than 100
- I have no idea

### Question 4: Sorting waste

At home:

- I sort all the waste; I know all the colours of the waste bins by heart
- I sort some of the waste
- I don't sort the waste, I don't have the time or the desire to do it. Too complicated!

And there are people whose job it is

- I don't sort, but I take out the waste bins!

### Question 5: Home-to-office travel

To travel to work:

- I take my car alone or my motorcycle
- I carpool and start my meetings in the car
- I use public transport, so I can read, play or answer my emails
- I take my bike or scooter
- I go on foot, so I can reflect and find solutions

### Question 6: Vacations

For my next vacation I plan to travel:

- By car or coach
- By train
- By plane or boat

- I'll stay at home or go by bike
- Vacation? What vacation?

**Question 7: Clothes**

At my home everyone has on average:

- 0 to 1 pairs of jeans
- 2 to 5 pairs of jeans
- more than 5 pairs of jeans

[As a reminder, it takes 7,000 to 10,000 litres of water to make a pair of jeans]

**Question 8: My household products**

At home, among the household products you'll find:

- Bleach and a chemical drain unblocker
- Eco-labelled products, baking soda, white vinegar, black soap
- I don't know, I never do the housework

So much for the personal questions. Shall we move on to the professional questions? Hans?

**HANS MOORE.** – Okay, here we go! Note that you can sometimes check several answers for the same question.

**SECTION 2: WHAT KIND OF ECO-RESPONSIBLE COMPANY ARE WE?**

**Question 1: Business travel**

Over the last 12 months, for professional purposes, I have carried out:

- 1 to 5 return trips by plane
- 5 to 10 return trips by plane
- More than 10 return trips by plane
- Whenever possible, I have opted for a videoconference or a conference call

**Question 2: Urban business travel**

When I travel around town for professional purposes:

- I prefer multimodal transport. So I use several different modes of transport [bicycle, public transport, walking, etc.] in succession
- The car is my best ally
- I use public transport as much as possible, but sometimes I take a taxi or an Uber

**Question 3: Business travel**

When I travel for professional purposes by car:

- I tend to drive a little fast but I remember to turn off the car engine as soon as I stop for more than 10 seconds
- I don't drive too fast, to save fuel
- I'm often in a hurry and drive at maximum authorized speed

**Question 4: The Group's car fleet**

In my opinion, the leased cars made available to Group employees are chosen according to:

- The power of the engine
- Their ability to impress
- The energy label
- An allocation system whose criteria are more or less unknown to me
- The executives' and business developers' package less and less often includes a car

#### **Question 5: Electricity consumption and environmental impact**

The building I work in:

- Is equipped with very efficient air conditioning. In the summer, I wear a sweater in my office
- Is an almost passive eco-building, with a natural cooling system
- Does not have any room cooling system: when it gets hot, the fans are turned on
- Heating and temperature control are centralized. The temperature level is decided by... who knows!
- The choice of ambient temperature can be made per room, per floor and/or according to the activity
- Is a recent construction, with a green roof and naturally insulating, breathable and non-polluting materials

#### **Question 6: Lighting of offices and common areas**

In the building where I work:

- There are lamps and lighting everywhere, you'd think you were in the Hall of Mirrors in Versailles at noon
- Halogen bulbs have been replaced by LEDs; the walls are mostly light-coloured; we mainly use natural light
- At night, many lights remain on, probably for safety reasons
- When I leave my office, I turn off all the lights
- Toilet areas are equipped with timers

#### **Question 7: The use of products that are dangerous to human health or the planet**

Due to its activity, the Group:

- Uses toxic products that are dangerous to human health or the planet
- Favours recyclable products, and the least polluting possible
- Adopts a strict policy for the clean-up of sites
- Is committed to a process of gradual replacement of the most harmful and toxic products
- Consumes a lot of water
- Uses water as a cooling medium
- Emits a significant amount of greenhouse gases

#### **Question 8: Catering**

In my workplace:

- The company restaurant favours seasonal, fresh, organic and local products
- Food waste has been reduced: portions are better adapted and organic waste is recycled

- There are many vending machines: I can buy sweets, chocolate bars, crisps and sweet or savoury biscuits that can be kept for a long time because they are well packaged
- No on-site food solutions are available. I eat at the local restaurant

**PAUL BLACK.** – The results are interesting.

*[Paul can make an “improvised” comment on the results obtained after consulting the room and observing the aggregated results]*

So, this is the first step. What we are trying to do in the long term is to identify practices that can be improved in order to reduce the negative impact that our activity can have on the environment and, of course, to set up new, more environment-friendly habits.

**HANS MOORE.** – Little streams make big rivers! It's important to identify solutions that are likely to be sustainable. What will work is whatever encourages the voluntary participation of everyone, in line with our values and culture.

**PAUL BLACK.** – Shall we think about the small and large revolutions just after the break?

*Fade out.*

*To the music of Stop in the Name of Love**The Supremes**(<https://www.youtube.com/watch?v=tvEULmlpxrQ>)*

Stop ! In The Name of Earth !  
 Before it's getting worse...

If you think you can damage our land for long  
 She'll end up accusing you  
 I watch you bruise down the land

Always cutting corners on products  
 This time before you wasted Her  
 Leaving it devastated and hurt

Think it over  
 After She's been good to you ?  
 Think it over  
 After She's been generous to you ?

Stop ! In The Name of Earth !  
 Before it's getting worse...  
 Stop ! In The Name of Earth !  
 Before it's getting worse...  
 Think it over  
 Think it over

We've known the Earth, this Earth full of beauty  
 We've even seen Her green and strong and pure  
 But our slow and cruel pollution  
 Only worsens its degradation

But this time before everything's ruined  
 And let's stop lying, us

Think it over  
 Hasn't She been good to you ?  
 Think it over  
 Hasn't She been generous to you?

Stop ! In The Name Of Earth !  
 Before it's getting worse...  
 Stop ! In The Name Of Earth !  
 Before it's getting worse...  
 Think it over  
 Think it over

*Together, Let's Dare to Excel*

We'll try so hard, hard to be better  
Hoping we'll stop this dehumanization  
And each time build another world  
Help the Earth to growth and help us

Stop ! In The Name Of Earth !  
Before it's getting worse...  
Stop ! In The Name Of Earth !  
Before it's getting worse...  
Stop ! In The Name Of Earth !

## **SET 4**

### **EXCELLENCE AND FINANCIAL VALUE**

Handy review of some key financial concepts

Understanding and evolution of the group's financial indicators

#### **Location**

A very big conference room on the premises of the West HM Group

#### **Context**

In the past year, the West HM Group, under the direction and guidance of its CEO, Lucy Saint-Charles, has undertaken an in-depth transformation and implemented a new transversal Business Development function.

Everyone is now convinced that the Group's growth requires value creation at all levels of the organization.

The search for and measurement of excellence is on the agenda. The somewhat turbulent context has led West HM Group's management to reflect further on these issues.

#### **Characters**

Peter Flemming (CFO of West HM Group)

#### **Companies/organizations present**

West HM Group

*The conference room*

*A giant screen*

*The main executives [not only financial] of West HM Group are gathered for a session of [I] training on some financial principles and [II] reflection on the indicators to use to measure financial and economic excellence.*

*Peter Flemming [CFO of West] who leads the workshop is also present.*

*Ideally, the slides are shown at the same time as Peter Flemming presents the key concepts and ideas.*

*Altrad seminar participants are invited to participate in a quiz [as if they were West HM executives] via the Altrad Seminar app [mobile application] which will allow them to submit their answers and opinions. Ideally, the results will be displayed on a giant screen in real time.*

*NB: The questionnaire [see Vernimmen.net] to be integrated into the application is provided at the end of the scene. It includes all the questions asked in the text of this scene.*

**PETER FLEMMING.** – I've already said this on other occasions: it is really important that everyone familiarize themselves with some key financial concepts. As directors or future directors, you must be able to read and understand a budget, balance sheet and income statement.

OK, let's take a little quiz? To your tablets, smartphones, computers... Open the seminar application.

*[Indicate the path to the quiz]*

We're going to be working in teams. Form a threesome with your neighbours on each side. For those at the end of the row, find an innovative solution!

It's very simple:

- I state the question.
- With your team, you consult each other and choose your answer.
- You answer the question on the device of one of the three team members. You can check several answers for the same question. You have a few minutes to talk to each other. I'll tell you when to submit your answer.
- The aggregated results are displayed on the screen. We will comment on them as we go along.
- Once you move on to the next question, you can no longer go back.

All right, are the instructions clear? Has everyone found their team? Are you ready? Let's go!

### **Question 1**

Solve this operation:  $1 + 1 = ?$

- 2
- 11
- It depends on the value of each of the 1s and how we manage the +

*Correct answer: answer 1*

*Strictly speaking,  $1 + 1 = 2$ .*

*However, in terms of collaboration, 1 + 1 can do more than 2. That's the whole point of collaboration.*

I promise you, there are no traps!

Question 2. Be careful, much more difficult!

### Question 2

Why does a company go bankrupt?

because its economic assets are lower than its liabilities

because its economic profitability is too low

because its debt is too high in relation to equity

*Correct answer: answer 2*

*Debt is not repaid with equity [except in bankruptcy] but with cash flows generated by the company's economic profitability*

### Question 3

Can a company that has no debts go bankrupt?

no, because it does not owe anything

yes, because the available assets may be negative

yes, because the current liability is not reduced to debts

*Correct answer: answer 1*

*To go bankrupt, you have to have debts!*

### Question 4

Good corporate governance:

lowers the cost of capital

increases the cost of capital

leaves the cost of capital stable

*Correct answer: answer 1*

*Good corporate governance must lower the cost of capital because it eliminates the risk of mismanagement or fraud to the detriment of shareholders.*

### Question 5

Is the management of WCR the sole responsibility of the CFO? Why?

yes

no

it depends on the working capital requirement

*Correct answer: answer 2*

*No, because it involves business developers, production, logistics, and even general management, which must make choices and trade-offs.*

WCR? Do I need to remind you of the definition? Okay. WCR is the abbreviation for Working Capital Requirement.

It corresponds to the balance of the balance sheet accounts directly related to the operating cycle (mainly trade receivables, payables and inventories).

Simply put, the level of working capital reflects the quality of the company's strategic position. Why? Because it reflects the strong relationships it maintains with its customers on the one hand and with its suppliers on the other.

This means that a very low or negative working capital requirement is a very favourable strategic factor for the development of a growth policy.

You can understand why the West Group is seeking to reduce its working capital requirement. It's a way of supporting our policy of growth by acquisition.

#### **Question 6**

A customer suddenly increases their orders from you. What should you think?

Great news!

It's the result of our prospecting efforts over the past few months. Our perseverance and talent have paid off!

Do they have an unpaid invoice with a competitor who now refuses to deliver to them, hence the increase in orders from you?

*Correct answer: answer 3*

*Indeed, this may be because one of your competitors refuses to supply them because of unpaid invoices that they come to place an order with you.*

We have to be careful here.

Of course, in some situations, this can also be the pay-off from the efforts of the Business Development team!

#### **Question 7**

You are in arrears with the payment of an invoice. You are not being sent a reminder. What do you deduce from this?

Your supplier is poorly organized... or rich!

You're not on their radar. Good news! This allows you to generate cash at their expense.

You are very lucky. Once again, you have optimized the situation!

*Correct answer: answer 1*

*This is someone who does not manage cash flow, out of incompetence or a surfeit of wealth!*

#### **Question 8**

What are the three documents that prove the existence of a claim and are essential for effective recovery?

the order form and delivery note signed by the customer, the general terms and conditions of sale

the order form and delivery note signed by the customer, the invoice

the catalogue and delivery note signed by the customer, the invoice

*Correct answer: answer 2*

*The order and delivery forms signed by the customer prove that the customer has requested the goods and has received them; the invoice proves that the payment request has been sent to them.*

#### **Question 9**

A customer who has the choice between paying at 10 days with a 2% discount or at 60 days net chooses the second option. What does this indicate?

Either they are illiquid or their average cost of debt exceeds 15.9%; or

They can't calculate! He missed the chance of a discount.

They couldn't care less about cash flow management!

*Correct answer: answer 1*

*This is not a good sign of their durability!*

### Question 10

Is there a correlation between payment terms and customer default rates?

no

yes

sometimes

*Correct answer: answer 2*

*A customer who pays late does not necessarily do so on purpose, they also do so because they have liquidity problems, so they present a high risk of bankruptcy.*

### Question 11

What can a group be tempted to do if it fears at the end of its financial year that it will not comply with the covenants [*explain covenants*] of its debt, leading to debt restructuring or liability?

nothing, and wait to see how the lenders react

file for bankruptcy

buy cash by temporarily compressing its working capital to reduce its net debt

*Correct answer: answer 3*

*Cash can be purchased by reducing the operating margin: in this case, customers are granted a discount. In return, they have to pay sooner.*

### Question 12

Does WCR management fall under the responsibility of:

stewardship?

stewardship and strategy?

strategy?

*Correct answer: answer 2*

*It is part of the strategy, because it depends on the company's commercial strategy, production strategy and financial strategy [arbitrage, margin, volume versus cash, etc.].*

*It is also a matter of stewardship because it is a series of small actions and decisions to be implemented.*

### Question 13

Credit risk is also referred to as:

economic asset risk

non-diversifiable risk

counterparty risk

*Correct answer: answer 3*

*Credit risk is the risk that the counterparty in your transaction will default on his obligations.*

### Question 14

A company operating in the euro zone that wants to protect itself as much as possible against risk will tend to:

borrow money in Switzerland—a neutral and stable country—at fixed and short-term rates

borrow in euros—at fixed and long-term rates

borrow in Swiss francs—ultimate reference—long-term and at a variable rate

*Correct answer: answer 2*

*In euros to eliminate currency risk, long-term and fixed-rate to reduce liquidity risk.*

### **Question 15**

Who gains from a group's diversification?

the shareholders; so they don't put all their eggs in one basket

the lenders; in this way they reduce risk

the employees; thus, they benefit from more opportunities

*Correct answer: answers 1, 2, and 3 at the same time.*

*Lenders because their risk is reduced. Shareholders are more likely to benefit if they control diversity. Is it mastered in our case with MMO and Equipment?*

Well, I suggest we stop there with the quiz. So? How did the questions seem to you? Easy? Difficult? Impossible?

As part of the implementation of our programmes of excellence, we plan to extend the participation of West Group's senior executives in training courses, particularly financial training.

As I said at the beginning of this meeting, knowing how to read and understand a balance sheet and an income statement is essential if you want to be a quality interlocutor, not only with the finance department, but also with your customers, suppliers and investors.

I now propose that you consider the financial indicators used by West HM. Our aim here is to identify possible areas for improvement in the way we measure the Group's financial excellence, i.e. our ability to create and report financial value and to make the necessary adjustments if there are gaps between our objectives and the results we achieve.

So let's start at the beginning: KPI? Key Performance Indicators. Everyone understands that? Sorry if I'm stating the obvious, here.

Why do we use financial KPIs? Quite simply, because they are tools for measuring the excellence of our actions and particularly important steering tools.

Above all, they tell us whether or not the company is creating wealth or financial value; to put it simply, whether it's making money and can therefore continue to develop and exist in the future.

They help us to identify a priori the difficulties that may arise and thus limit or even eliminate the associated risks. But also, after the fact, to understand West HM's performance, and measure the health of the Group and each of its entities.

Of course, our ability to make decisions under the best conditions and put our project on the path to success depends on the analysis and interpretation of these indicators.

Today—and as you already know or are about to learn (!)—the West HM Group uses three main types of indicators to report on the performance of companies and the actions of their managers and executives:

- First, EBITDA, which is the measure of current wealth creation before any calculated expense
- Second, Free Cash Flow, which corresponds to the cash generated by current and non-current operating cash flows after the payment of financial expenses, taxes and investments for the development and/or maintenance of the business
- Finally, third, TRIF or Total Recordable Injury Frequency, which enables us to measure the safety performance of each Group entity.

I'll quickly show you how EBITDA and Free Cash Flow are calculated.

*[The following formulas are projected on the screen]*

EBITDA =

Revenues

× gross margin rate

– structure costs

+/- charges and reversals of depreciation, amortisation and provisions taken into account in the gross margin

FREE CASH FLOW or variation in net debt

EBITDA

+/- variation in working capital requirements

– investments [CAPEX] paid

– cash financial result

+/- non-current cash items

– cash taxes

+/- other receipts/disbursements

So far, so good? Perfect. I'll continue. When do we set these indicators? In practice, we challenge them and set them when we draw up the budget.

What we monitor on a monthly basis to make any adjustments during the year are the differences between the budgetary targets and the performance achieved.

Our system works well and gives us a fairly accurate view of our financial reality and the amount of wealth we produce—or destroy, if any.

However, these indicators do not fully reflect certain elements, such as those related to asset preservation and the optimization of resources.

In other words, they are not precise indicators of the company's financial efficiency.

What we are seeking to do, and this is the reason for our training and reflection session today, is to identify new indicators that can better reflect this efficiency.

To what end? Mainly to increase the return on assets employed. Which, in terms of action, means getting rid of dormant assets, real non-values that are like black holes or Bermuda Triangles—if I may use the analogy—in which the value of the assets is swallowed up.

In concrete terms, I would like to submit three points for your consideration:

- Adjusted EBITDA, i.e. EBITDA supplemented by taking into account value losses on current assets, which would allow us to reflect with greater accuracy and reliability the value actually created.

- Adjusted free cash flow. The adjustment would be based on the liquidity objectives of the dormant assets that, I remind you, we are trying to get rid of in order to limit value loss as much as possible. The same applies to the recovery of doubtful loans, which must be intensified. The collection of doubtful debts! You get my meaning...
- And finally, the more systematic use of return on investment (or ROA) calculation and analysis to measure the efficiency of the Group's various entities and their ability to generate sustainable growth. In other words, it is a matter of assessing the relevance of the investments that West HM chooses to make.

As a reminder, ROA can be calculated either on the basis of capital employed (adjusted EBITDA/average value of fixed assets, all for a given period) or on the basis of capital employed (adjusted EBITDA/average value of fixed assets and working capital requirement).

I suggest you work in groups of three and discuss the relevance of these arrangements or adjustments.

You may also want to discuss what might hinder the implementation of these indicators.

And finally, any other ideas you may have for indicators that can be used to report on one hand, the Group's financial performance, in terms of its viability and ability to generate sufficient cash flow, i.e. its economic profitability, and, on the other hand, the Group's ability to create wealth and value, and thus to grow

*[The participants in the Altrad seminar, while remaining in the amphitheatre, discuss among themselves in groups of three. Their thoughts and comments are published via Twitter on the Altrad mobile application, under #improveFinancialKPI. If time permits, some posts are presented and directly discussed. Once the discussion is completed, the session is adjourned.]*

*Fade out.*

*To the music of Never Can Say Goodbye**Gloria Gaynor**(<https://www.youtube.com/watch?v=k7qHQiv4cEI>)*

I never can say all right  
 No, no, no I, I never can say all right  
 Every time I think efficiency  
 And business model more and more  
 There's a very strong vibration  
 Pushing me right to the score

It says : bump it up your tools  
 You know you love KPIs more and more  
 Tell me why (tell me why). Is it so?  
 Just wanna let it grow

I never can say all right guys  
 Ooh ooh never, never can say all right  
 No no no no no no  
 Ooh hey I never can say all right guys  
 Ooh ooh never, never can say all right

I never can say all right (I never can say all right, guys)  
 Oh no, no, no I, I never can say all right (I never can say all right, guys)

I keep thinking that our problems soon are all gonna work out  
 With true precise indicators  
 There's more value, less error  
 There's no trick in right metrics  
 I can grow with it but not without

Tell me why (tell me why). Is it so?  
 Just wanna let it grow  
 I never can say all right, guys, ooh guys  
 I never can say all right, no no no no no no  
 Hey I never can say all right, guys, ooh guys  
 I never can say all right, no no no no no no

I never can say all right, guys  
 I never can say all right, no no no no no no  
 I never can say all right, guys  
 I never can say all right, no no no no no no  
 (I never can say all right, guys)  
 (I never can say all right, guys)  
 I never can say all right, guys  
 I never can say all right, no no no no no no

*Together, Let's Dare to Excel*

I never can say all right, guys  
I never can say all right, no no no no no

Ooh ooh ooh hey I never can say all right, guys  
No no no guys hey never can say all right  
...

## **SET 5**

# **EXCELLENCE, CREATING HUMAN VALUE AND DEFINING PRIORITIES**

## **Executive coaching**

## **Executive committee meeting**

### **Locations**

Lucy Saint-Charles' office

A meeting room in the offices of West HM

### **Context**

In the past year, the West HM Group, under the direction and guidance of its CEO, Lucy Saint-Charles, has undertaken an in-depth transformation and implemented a new transversal Business Development function.

Everyone is now convinced that the Group's growth requires value creation at all levels of the organization. The professional development of each individual and team is the cornerstone of this ambitious project.

### **Characters**

Lucy Saint-Charles (CEO of West HM Group)

Françoise Dumortier (Executive coach)

Paul Black (HR Director)

Hans Moore (Director of Operational Excellence)

Peter Flemming (CFO)

### **Companies present**

West HM Group

*To the music of Your Song*

*Elton John*

*(<https://www.youtube.com/watch?v=GlPlfCyIurI>)*

It's a little bit tricky/finding the right metrics  
And keeping up with our best/value dynamics  
Won't have much money/nor sky rock results  
If we do play it only/with our guts

If I knew more finance/I would then be clever  
I would make better decisions and master numbers  
It would be easier to pilot/value creation  
Excel is my bond  
That's the solution

You can tell everybody/find indicators  
It may be quite complex/but when it's done  
I hope you agree  
I hope you agree  
That we'll be better of  
With strong KPIs/no more useless cut-offs

Unlocking global value/this is our task  
Every day we embrace it/although it may be hard  
But the achievement's worth  
Our daily efforts  
It's for the group and us that  
We aim high impact

So excuse me insisting  
But these smart metrics  
You seem not finding  
Trust me will do the trick  
Anyway, the thing is, what I really mean  
True precise indicators/change the scene

You can tell everybody/find indicators  
It may be quite complex/but when it's done  
I hope you agree  
I hope you agree  
That we'll be better of  
With strong KPIs no more useless cut-offs  
I hope you agree  
I hope you agree  
That we'll be better of  
With strong KPIs no more useless cut-offs

*Lucy Saint-Charles' office, at West HM's headquarters.*

*Lucy Saint-Charles recently decided to engage the services of an executive coach to manage her own development and challenge her ideas. Today is the first working session.*

*Lucy Saint-Charles [CEO] and Françoise Dumortier [Executive Coach] are sitting opposite each other.*

**LUCY SAINT-CHARLES.** – I find it hard to answer you, Françoise. Is it alright if I call you Françoise?

**FRANÇOISE DUMORTIER.** – Yes, of course. You find it hard to answer?

**LUCY SAINT-CHARLES.** – It's hard for me to present things in a different way. Well... I'll try again.

West HM is committed to a path of global value creation and measurement of excellence: financial and economic, CSR, operational, organizational, managerial, professional and personal excellence—all our fields of activity.

In this context, we have decided to set up a professional development programme for the group's employees. A very extensive programme, which includes individual and collective training, in-house mobility, sharing of good practices and collective intelligence. In short, it's ambitious and comprehensive.

We believe that a company can only operate efficiently and sustainably, and therefore generate growth, if the teams are efficient and committed.

In other words, we want to create more human value.

Due to the incrementation of my own leadership, I've called upon you. I, like everyone else, must pursue my professional development and increase my skills.

**FRANÇOISE DUMORTIER.** – Incrementation?! But you're not software! You expect me to help you develop your leadership?

**LUCY SAINT-CHARLES.** – That's right.

**FRANÇOISE DUMORTIER.** – And what skills do you think you currently lack, in part or in whole, that need to be enhanced or acquired?

**LUCY SAINT-CHARLES.** – I don't know... what makes a good leader?

**FRANÇOISE DUMORTIER.** – It's a good question, to which I don't have an answer.

**LUCY SAINT-CHARLES.** – What do you mean, you don't have an answer? I thought executive coaching was your specialty?!

**FRANÇOISE DUMORTIER.** – That's right. Perhaps I should say I don't have a straight answer to your question.

In my view, there's no such thing as typical, effective and infallible leadership in all circumstances.

Lucy, I'm going to be direct. If you expect me to give you a set of recipes, of things to apply, or turn you into a typical leader, I'm probably the wrong person to accompany you.

What I am interested in is helping you to make yourself the best leader you can be. This means that I start with you, not from a standard description that you could find in any management book. If that's what you're looking for, you don't need me.

If, on the other hand, you want me to help you better understand the way you operate, the way you relate to the world, to others and to yourself, if you want me to help you better grasp how you see reality, how you connect with people, and from there, how your way of seeing the world, others and yourself is adapted to your objectives, or not, then I'm your man!

**LUCY SAINT-CHARLES.** – There are still certain constants, I suppose.

**FRANÇOISE DUMORTIER.** – Certainly, my experience tells me that certain qualities and skills are found in almost all leaders worthy of the name, so they are undoubtedly essential. These are... how can I put it? The prerequisites.

**LUCY SAINT-CHARLES.** – That's what I want to develop and acquire!  
I need to know myself better, even though I think I know a lot about myself.  
I need to understand why I do what I do, why it's sometimes difficult for me to make certain decisions.

**FRANÇOISE DUMORTIER.** – Are some of the decisions you have to make difficult for you?

**LUCY SAINT-CHARLES.** – Yes, I sometimes make bad decisions, and sometimes I can't make a decision as quickly as I would like to.  
But my role—and this is what everyone expects from a CEO—is to make decisions!

**FRANÇOISE DUMORTIER.** – Not making a decision is a decision.

**LUCY SAINT-CHARLES.** – Yes... you're right.

**FRANÇOISE DUMORTIER.** – Perhaps you could give me a recent example.

**LUCY SAINT-CHARLES.** – I can think of several. I've had a lot on my agenda recently, and when I say recent, I mean the last three years.

**FRANÇOISE DUMORTIER.** – Why such a busy load?

**LUCY SAINT-CHARLES.** – Since West bought HM, I haven't stopped. Projects and changes of all kinds followed one after the other. It's true that sometimes, at night, I feel the weight of it all.

**FRANÇOISE DUMORTIER.** – What weighs you down? What is this "it"?

**LUCY SAINT-CHARLES.** – Quite often, difficulty in making a clear decision... my inner conflict... my concern about making the wrong decision.

**FRANÇOISE DUMORTIER.** – In your opinion, what are the criteria that define a good decision or a bad one?

**LUCY SAINT-CHARLES.** – It varies, of course. It depends on the decision. In absolute terms, I would say that a good decision is one that produces the expected effects, in conditions of acceptable or even optimal overall time and cost.

**FRANÇOISE DUMORTIER.** – Regardless of what other people think about it?

**LUCY SAINT-CHARLES.** – You're right, it depends on that too. It's harder to say a decision is good if everyone thinks otherwise!

**FRANÇOISE DUMORTIER.** – As the great philosopher Coluche said, "The fact that the people who are wrong are so numerous doesn't make them right".

*[Lucy is still thinking]*

**LUCY SAINT-CHARLES.** – That's so true, except perhaps in financial markets, the market is always right, even if fundamentally it is wrong.

**FRANÇOISE DUMORTIER.** – Possibly... To come back to decision-making and your recent difficulties in deciding. Can you give me an example?

**LUCY SAINT-CHARLES.** – Yes, absolutely! I'll give you an example that is particularly painful for me. This is just between the two of us, of course.

*[Françoise Dumortier nods in agreement]*

Recently, the Directorate General for Competition, Consumer Affairs and Fraud Control launched an investigation into an illegal cartel. The story of an illegal agreement in which one of my colleagues is allegedly involved. I say "allegedly" because the conclusions of the investigation have not yet been delivered. She is a collaborator in whom, until now, I had complete confidence. I may have to fire her.

**FRANÇOISE DUMORTIER.** – Dismissing your colleague is a difficult decision for you to make?

**LUCY SAINT-CHARLES.** – The decision to part with a colleague is never an easy one. I guess I'm not the only one who finds that difficult?

**FRANÇOISE DUMORTIER.** – You are not the only one. Specifically, how is this decision difficult for you?

**LUCY SAINT-CHARLES.** – From an organizational point of view, this would be the right decision to make. If the agreement is proven, this is serious misconduct, which

in itself constitutes grounds for dismissal. If I stick to this level of analysis alone, the decision is obvious.

**FRANÇOISE DUMORTIER.** – At what other level of analysis is the decision not obvious?

**LUCY SAINT-CHARLES.** – From the person's point of view, of course. Depriving her of her job will put her in a difficult family and financial position.

**FRANÇOISE DUMORTIER.** – Who is depriving her of her job?

**LUCY SAINT-CHARLES.** – West. Well, in practice, the CEO of the West subsidiary that employs her.

**FRANÇOISE DUMORTIER.** – Is it you or the CEO of the company that employs her and would deprive her of her job? I'm a little confused.

**LUCY SAINT-CHARLES.** – He is the one who would actually fire her. But... I feel responsible.

**FRANÇOISE DUMORTIER.** – What do you feel responsible for?

**LUCY SAINT-CHARLES.** – For what will become of her, I guess. She's a member of the group, and as such, I feel concerned about what happens to her.

**FRANÇOISE DUMORTIER.** – Let me ask you again: in what way do you personally feel responsible?

**LUCY SAINT-CHARLES.** – [*Blank*]

**FRANÇOISE DUMORTIER.** – Would you say that the reason for the dismissal, if the agreement is proven, is real and serious?

**LUCY SAINT-CHARLES.** – Yes, that's what I said earlier.

**FRANÇOISE DUMORTIER.** – Did you make the law?

**LUCY SAINT-CHARLES.** – No, of course not!

**FRANÇOISE DUMORTIER.** – Did your colleague know the law and did she know that illegal agreements are grounds for dismissal?

**LUCY SAINT-CHARLES.** – Most likely.

**FRANÇOISE DUMORTIER.** – Suppose that the results of the investigation confirm her implication. Would you say in this case that she was aware of the risk she was taking?

**LUCY SAINT-CHARLES.** – Probably.

**FRANÇOISE DUMORTIER.** – So, what are you responsible for?

**LUCY SAINT-CHARLES.** – I feel responsible for not being clear enough in advance.

**FRANÇOISE DUMORTIER.** – How do you feel you didn't make yourself clear?

**LUCY SAINT-CHARLES.** – On the limits not to exceed.

**FRANÇOISE DUMORTIER.** – What limits? The ones set by the law? Are they not known?

**LUCY SAINT-CHARLES.** – Yes, of course they are. [*Pause*]

In fact, I feel bad about maybe putting too much pressure on my teams. Maybe that's what led Lisbeth—that's my colleague's name—to cross the line.

**FRANÇOISE DUMORTIER.** – Do you blame yourself for putting too much pressure on people?

**LUCY SAINT-CHARLES.** – I'm well aware of the level of demands I make, yes. And now I wonder if I haven't been too demanding.

**FRANÇOISE DUMORTIER.** – And if you have been, too demanding?

**LUCY SAINT-CHARLES.** – Well, I feel guilty.

**FRANÇOISE DUMORTIER.** – And it's this guilt that makes your decision difficult to make?

**LUCY SAINT-CHARLES** [*Pause. She thinks.*]. – It's more the general feeling of guilt combined with the personal impact that this decision could have. Personal, and on her teams.

If there has been unlawful conduct or action, the decision is self-evident. The choice is not difficult to make.

But what is difficult is to accept the consequences. Not just for the organization. For me, at my level.

[*Pause*]

That's it! What I find hard sometimes is to live with the effects of the decision. Especially the impact on people, and on my relationship with them.

**FRANÇOISE DUMORTIER.** – I think we're there.

Most of the time, what makes it difficult to make a decision is to assume the consequences. Whether technical, economic or financial. But above all, and you can see this very clearly, what makes a decision difficult to live with are the relational consequences it entails.

In my view, in the vast majority of cases, the reason we delay making a decision, or choose not to choose, is to avoid the relational consequences that we view with apprehension, even fear. Consequences that we dread, that we would prefer to avoid.

Dealing with other people's disappointment, anger, frustration, sadness, and so much more, is difficult. And for some of us, it's so difficult that we prefer to postpone the decision as long as possible, or leave things alone, so that we don't have to deal with this relational difficulty. The paradox is that our lack of decision still has an impact on the quality of the relationship!

This is where managerial courage comes in. It's very often about being brave enough to make and implement a decision that you sense will not please others. And that we will have to face this displeasure and the risk of an altered or severed relationship.

**LUCY SAINT-CHARLES.** – Courage! It's a good subject for discussion, and for development!

**FRANÇOISE DUMORTIER.** – Indeed. And in my opinion, one of the essential qualities for a leader.

**LUCY SAINT-CHARLES.** – So there are essential leadership qualities?!

**FRANÇOISE DUMORTIER.** – That one, certainly.

**LUCY SAINT-CHARLES.** – Thank you, Françoise. Shall we set the date for our next appointment?

*Fade out.*

*To the music of Dream a Little Dream of Me*  
*The Mamas and Papas*  
(<https://youtu.be/XTs-iuj3UFk>)

Stars shining bright above you  
Success is paving bumpy roads for you  
Talents, expertise, and competencies  
Lead your path on stormy seas

Say the words and they will see  
The kind of leader you've always been  
While you feel alone, and blue as can be  
Keep faith in your abilities

If stars are fading, don't you go worrying  
Still believe in yourself  
If you feel doubtful and lacking  
Just trust you'll excel

Trust the future till it meets you  
Trust the future and leave worries behind you  
Trust in your dreams whatever they be  
Keep faith in who you're meant to be

If stars are fading, don't you go worrying  
Still believe in yourself  
If you feel doubtful and lacking  
Just trust you'll excel

Trust the future till it meets you  
Trust the future and leave worries behind you  
Trust in your dreams whatever they be  
Keep faith in who you're meant to be

*A meeting room in West's offices. Those present are Lucy Saint-Charles [CEO], Paul Black [HR Director], Peter Flemming [CFO], Hans Moore [Director of Operational Excellence].*

*The Executive Committee is meeting to discuss implementing a set of measures to create the conditions for increased excellence within the group.*

**LUCY SAINT-CHARLES.** – Thank you all for being present and accepting the invitation to reflect together on what our project could look like by 2020. It's time now to formalize the areas of excellence we want to focus on in order to create what I call global value.

You know my appetite for a systemic, holistic view of things. I believe we need to lay the foundation for West's system of excellence, and therefore select and define the indicators we use to measure the value we generate, all around us, and the gaps that still keep us from achieving our set objectives.

And you also know my appetite for diagrams, images and metaphors, which are often better than a long speech.

So I'd like to start by watching this short video before we get down to work.

Is a cartoon okay with you? Right, let's go!

*[The lights go out. The film is screened: <https://www.youtube.com/watch?v=673xA09miX8>]*

**PAUL BLACK.** – Cool! Message received!

**LUCY SAINT-CHARLES.** – So what do you think the message of this little cartoon is? *[Silence]*

As always, there are as many messages as there are people around the table. But something that stands out? Paul?

**PAUL BLACK.** – For me, it's really the notion of narrative. All I have to do is change the way I look at a situation, that is, the narrative I make of it, to be able to influence that situation.

**PETER FLEMMING.** – A little simplistic, Paul. In financial terms, figures are figures.

**HANS MOORE.** – Exactly. But we make the figures say what we want. It's up to us to agree on the story we want to tell and find the facts or data to support that story.

**PETER FLEMMING.** – A little too simple, don't you think?

**PAUL BLACK.** – Yet that's what you already do, Peter. When you show us the results of the group or one of its entities, you always tell us a story, but I don't mean you're "spinning a yarn"!

**LUCY SAINT-CHARLES.** – I also think that the heart of the message of this cartoon is the narrative, that is, how I choose to look at my environment, others and myself.

It also talks about our ability to adapt to our environment, to accept what we cannot change, and at the same time develop our skills to continue to excel, whatever the context.

I think it's also a question of boldness: daring to be the best of who we are, assuming our originality, our difference.

**PAUL BLACK.** – Someone's started her coaching sessions!

**HANS MOORE.** – One way to approach excellence is indeed to define our identity and honour our commitments to third parties, in this case, for West, to our customers. The cornerstone of excellence and success is based on a fairly simple triptych: our customers, our employees and the quality of our service, always renewing the trust we have established with our customers.

**LUCY SAINT-CHARLES.** – So our meeting today should enable us first to clarify what we intend to build our success on, secondly what our clients' priorities are, and thirdly, once we agree on these priorities, we need to clarify how, that is, where we plan to focus our energy and resources to create the conditions for success. Does that sound right to you?

**PETER FLEMMING.** – And what about financial excellence? I'm probably pushing my own agenda, but I still feel that money, means and resources in general are the keystone. Without resources, there is no success. Without profit, no business.

**HANS MOORE.** – Certainly. But we still need to agree on where we want to go, what we call success and how to measure it.

**PETER FLEMMING.** – What we're trying to achieve is quite obvious to me: creating value, maximizing West's value; making the funds entrusted to us by our shareholders profitable. I don't think any of this is new to you. It's the basis of corporate finance. All corporate literature is focused on this: the pursuit of profit.

**HANS MOORE.** – Creating financial value is one objective. But is it the only one? It seems to me that today the role of organizations is understood in a broader, more holistic way, as Lucy said. We're talking more about global value. Creating multifaceted value is a complex system, with a set of interdependent, inter-linking elements. Their arrangement, the actions and results produced are somewhat unpredictable in nature.

**PETER FLEMMING.** – I just hope we have a clear idea of what we want to do, what decisions we want to make and what results we want to achieve!

**LUCY SAINT-CHARLES.** – That's our topic today. To define this with a degree of precision.

This doesn't stop us from recognizing that we're part of a context where we don't know all the parameters. That's what Hans is talking about, isn't it? Because we make our decisions on the basis of an ambition, a project, objectives that we define a priori. Based on the scope of what we consider important, for the future of West, for the satisfaction of our current and future customers and for our employees. We anticipate the impact of our decisions only in part, which means we must remain agile to continue to successfully adapt, to stay relevant.

**PETER FLEMMING.** – For me, customer satisfaction and rigorous management of our financial balances are the way to create financial value. Everything else is—how can I put it?—trivial, and distracts us from our subject. Let's try not to complicate what can be quite simple.

**PAUL BLACK.** – I disagree. A company may be fictional, but the people who make that company what it is every day are real. Without the men and women, no organization can survive... Well, for the moment, until we replace everyone with robots!

**LUCY SAINT-CHARLES.** – Okay, can we agree on what we consider to be the essential and indispensable elements of West's excellence and success.  
Hans?

**HANS MOORE** [*He hands out Post-its to everyone*]. – First, think about the 3 to 5 elements you think are essential to West's growth and success. You have two minutes max. Secondly, we'll exchange views. And thirdly, we'll vote to choose the ones we all think are essential. Is that okay with you?  
[*Everyone starts thinking individually and filling out their Post-it notes*].  
Okay, here we go. Who wants to start?

**PAUL BLACK** [*He reads out his Post-it notes while writing them up on a whiteboard*].  
– I noted down 3.  
First, customer satisfaction. We've already talked about this a lot, but I still think it's at the heart of our success. It's our mark.  
Second, employee satisfaction. Without them, there would be no success. It's both a means and an objective. In any case, as far as I'm concerned, my professional commitment makes no sense if I don't put it to work for the growth of individuals and teams. And third, equally important, meeting safety & ethical standards and preserving the environment. The safety of people and sites, super important, and reducing our impact on the environment, or even developing virtuous practices in the service of a world that is more respectful of life.

**PETER FLEMMING.** – [*He reads out his Post-it notes while writing them up on the white-board*]  
I also wrote down three:  
First, creating financial value for our shareholders. This is the company's *raison d'être*. And tied in with that: rigorous management and profit clearly in our sights, as I said earlier.

Secondly, I also put customer satisfaction, of course. That's obvious.  
Thirdly, I put the safety and ethics of people but also of processes.

**HANS MOORE** [*He reads out his Post-it notes while writing them up on the whiteboard*].

– Three for me too.

One, operational excellence at the service of customer satisfaction. Without it, we're dead.

Two, organizational and human excellence.

Three, excellence in CSR. Responsibility, safety and environment. Today, no company can consider itself successful unless it is part of this triple approach of creating environmental value, social and societal responsibility and personal safety.

**LUCY SAINT-CHARLES** [*She reads out her Post-it notes while writing them up on the whiteboard*]. – Three seems to be the magic number!

For me too, three pillars to West's success, in no particular order:

Customer satisfaction, I would even say customer delight. I am very fond of this notion of delight. This, in my opinion, is what keeps our customers loyal: our ability to meet their current expectations, but also to anticipate and exceed them. This includes on the one hand the notion of operational excellence, our ability to deliver our products and services on time and at the best value for money, and on the other hand an understanding of what is important to our customers, region by region, or even country by country. I believe it is essential to have a global, granular view.

Development of West. I share Paul's point of view. For me, it is as much a means as an end in itself. Meaning, engagement, motivation, enthusiasm, recognition, career prospects, professional development for everyone; West cannot grow without the growth of its teams and employees. Pure and simple.

Excellence in CSR. I agree with what you have already said on this subject. I don't think anyone can still talk about a company's success if it's at the expense of responsibility, safety and the environment. It is a responsibility that must honour us as much as it obliges us. A strong commitment, which we owe to our fellow citizens and future generations. Very straightforward as well.

**HANS MOORE.** – Shall we take a vote? Put your stickers on the one or two priorities that you think are essential. You can choose to paste one per priority, or both on one and the same priority, depending on how important this priority is to you. You can choose to put your stickers on other people's Post-its, not necessarily on your own, of course.

**PETER FLEMMING.** – Shouldn't we have three to select three priorities? It seems we all agree on the number three.

**HANS MOORE.** – Three priorities will probably be selected. But having two stickers forces us to make a choice and define what is REALLY most important to us.

Ready?

[*Everyone receives two stickers, stands up and sticks them onto the displayed Post-its according to what they consider to be a priority. Then Hans Moore announces the results*]

Ok! So we selected (in no particular order)  
Customer satisfaction  
Team and employee development  
CSR.

**LUCY SAINT-CHARLES.** – This clearly reaffirms that our course and compass must be the satisfaction of our customers.

I suggest that we now reflect on what we consider to be our clients' priorities, region by region and country by country. By this I mean: the quality of services, the price/quality ratio, the price as such, our ability to deliver within agreed budgetary and contractual limits, our ability to innovate, the quality of the relationship we establish with our customers, the values we embody and which are reflected in these relationships. I'll stop there. I've said too much already!

Once this list has been established, we will need to define the indicators of success, to measure the degree of excellence we have in all our areas of activity and for each of our objectives.

Obviously, we won't be able to exhaust the subject today. Each of you will have to involve your teams in this process of excellence, reflection and adaptation of our conclusions and decisions according to the specific contexts of each of the Group's entities. Our indicators will only be relevant if they correspond to our reality and only if they serve to meet our objectives.

Our ambition for today is to lay the foundations for a framework that is both general and precise, our famous West HM 2020 project.

Our approach will continue in the coming months. It is a process that inevitably develops over time.

**HANS MOORE.** – Lucy, sorry to interrupt you. The meal trays are ready to be served. Can we start again in thirty minutes?

*Fade out.*

## CLOSING

*To the music of I Am What I Am*

*Gloria Gaynor*

(<https://www.youtube.com/watch?v=mEVKkIWbPrY>)

I am what I am—I am my own special creation.  
So come take a look, give me the hook or the ovation.

It's my world

That I want to have a little pride in—my word,

And it's not a place I have to hide in

Life's not worth a damn, 'til you can say:

“I am what I am”

I am what I am, I don't want praise

I don't want pity—I bang my own drum,

some think it's noise, I think it's pretty.

And so what if I love each feather and each spangle,

Why not try and see things from a diff'rent angle?

Your life is a sham, 'til you can shout out:

“I am what I am”

I am what I am and what I am needs no excuses

I deal my own deck—sometimes the ace, sometimes the deuces.

It's one life and there's no return and no deposit:

One life, so it's time to open up your closet.

Life's not worth a damn 'til you can shout out:

“I am what I am”

I am what I am, am what I am needs no excuses.

I deal my own deck—sometimes the ace, sometimes the deuces.

It's one life, and there's no return and no deposit:

One life, so it's time













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