

cooperation & competition  
for sustainable growth

**coop**era**tion**  
c o m **eti**



cooperation & competition  
for sustainable growth

coop<sup>era</sup>tion  
com<sup>peti</sup>tion

*ACTES SUD*



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## MESSAGE FROM MOHED ALTRAD, PRESIDENT

*Our ambition:  
To be the industry leader in each  
of our markets and businesses,  
and guarantee solid long-term performance*

“**B**uilding is our life”: being the single, privileged interface – locally and globally – for major industrial clients (oil, construction, nuclear, electricity, renewable energy, defence, etc.), and accompanying their development throughout the life cycle of their activity by offering them integrated solutions and services (design, construction, maintenance, repair, closure, transformation and decommissioning of industrial sites, quality control, electrical equipment, engineering services, coating, insulation, etc.), designing and providing construction equipment (scaffolding, insulation, paint, tools, light construction equipment, etc.), this is our mission.

Our strategic ambition is to become an undisputed leader in multidisciplinary, to remain our customers’ essential partner and to provide them with a complete and integrated offer guaranteeing ever greater safety, simplicity and reliability to enable them to successfully meet their own challenges.

Responding effectively to their current demands and anticipating their future needs requires an exemplary quality of listening and knowledge of our markets. This is in keeping with a Business Development function capable of supporting our efforts to grow and conquer new territories in a coordinated and optimized manner.

Recent acquisitions made by Altrad have made our Group a diverse and complex entity, one that is flourishing and committed to global leadership.

Our objective is to consolidate and pursue the Group’s growth. To achieve this, we must continue to invent our future and engage our teams, and our current and future customers in an ambitious, original, attractive, relevant ... and inspiring adventure.

### **Building a sustainable, safer and more ethical world**

We have therefore once again embarked on a reflection about the Altrad Group’s vocation and its *raison d’être*. How does this unique and successful Group contribute to the world and its evolution? What thread can be woven through its many subsidiaries, with such diverse activities, dissimilar territories and different collaborators?

Ever since the Group was founded, I have been driven by an unfailing desire to help build a world that respects everyone and the environment as a whole, where ambitious humanist values prevail.

My personal background is no longer a mystery. Today it is familiar to many and I will not go back over it, except to share what my life experience has instilled in me: the determination to chart a path that is not only singular – in terms of my choices and how I have moulded them – but also one that is open to others. There is a certain inner misery that comes from humiliation and loneliness which, perhaps paradoxically, drives us towards greater compassion and communion with others. There are arid and inhospitable lands that lead to the taste for sharing and mutual help. There are contemptuous words and unfortunate acts that establish respect for each other and for inalienable common rights as a haven where life can unfold, abundant and generous, in the service of all.

Those who have joined me and contribute daily to Altrad's success are, I believe, driven by a similar vitality, empathy and optimism. Conviviality, courage, humility, respect and solidarity unite the Group's employees. These values are more than mere words. As real work objectives, they guide our choices, our actions and behaviours. They define a humanistic professional environment where integrity and loyalty, honesty and trust, freedom and passion, multiculturalism, cohesion and team spirit, autonomy and entrepreneurial boldness, change and flexibility, prevail.

The Altrad Group's vocation is even clearer today than in the past. Firmly customer focused, Altrad intends to be a major player industrial services and to contribute, within its abilities and sphere of influence, to designing a world that respects life in all its forms.

Together, let us build a sustainable, safer and more ethical world.

### **Building ...**

In every man and woman there is a builder, an artisan who, through their work, and even their art, contributes to building a civilization.

Building is our life. For several decades, Altrad has supported builders by providing them with tools and equipment, and developing techniques and know-how to enable them to build their projects. In addition, committed to the spirit of entrepreneurship, the Altrad Group recognizes the builder in each of its employees by promoting autonomy and responsibility.

True to this *raison d'être*, the Group continues to place its expertise and excellence at the service of its partners, helping them to construct buildings and sites in the best conditions of safety, security and respect for the environment.

Our duty is to continue in this way by offering ever more adapted solutions and innovative techniques, able to meet our customers' current and future requirements.

### **... a sustainable world**

The future can only be sustainable, by definition. Recycling, limiting the carbon footprint, reducing greenhouse gases, controlling energy and finite resources, rational consumption, depollution ... our global business model focuses locally and increasingly globally on a circular, responsible and environmentally friendly economy.

Awareness of our responsibility for the world we leave to our children and grandchildren, but also to other species of life, is now widely shared.

Our duty is to act accordingly, to devise models, solutions, materials, products and services that respect the earth and the species that inhabit it. Let's make no mistake: this is the price we have to pay for the future, as we are already witnessing in the present.

The Altrad Group intends to pursue its investments in research and development and create the conditions for successful innovation so that the solutions proposed to our customers best meet their specific requirements and are in keeping with the logic of respect for living organisms.

### **... that is safer**

#### *Health and safety*

The Altrad Group operates in hazardous conditions, including certain extremely difficult and demanding environments. One of our core values is to operate worldwide in a safe and responsible manner with the utmost respect for the health and safety of our employees, contractors, customers and the environment in which we work.

In addition to our daily commitment to the safety of all, we acknowledge the commercial and financial importance of an exceptional health and safety culture.

### **... and more ethical**

#### *Corporate compliance and ethics*

Maintaining the highest level of integrity and professional ethics is the cornerstone of the Group's values and an essential condition for conducting business.

Integrity builds honest and lasting relationships with customers, partners and other stakeholders, including shareholders and employees.

Most customers also operate according to very strict ethical policies that the Group must respect.

The Altrad Group operates throughout the world, including in certain countries where the risk of corruption is high. Although countries have different laws, the Group and its customers operate on a global scale. Thus, the chosen method of operation is based on the highest legal and ethical standards, particularly with regard to corruption and anti-competitive behaviour, often going beyond the legal requirements of the countries in which we operate.

Ethics, the art of guiding conduct in a spirit of wide-ranging respect, is one of the conditions of trust, without which no quality relationship is possible.

### **Together, let's innovate and create "Altrad 2020"**

The purpose of this document is to bring together the reflections we have been engaged in together for several months on the notion of Business Development.

It also aims to better define the integration and practical implementation of business development in the overall context of the Group's transformation.



**BUILDING A SUSTAINABLE, SAFER  
AND MORE ETHICAL WORLD**



## ALTRAD IS TRANSFORMING ... AND TAKING ON A NEW DIMENSION

### **Altrad is transforming ...**

The Altrad Group has been transforming itself for many years via the opportunities identified in its markets and generated in new territories and sectors, as well as through robust organic growth. As an international and multidisciplinary player, its ambition today is to become the industry leader in each of its markets and businesses while guaranteeing its employees, customers, and shareholders continuous and solid performance.

For over 30 years, the Altrad Group has never stopped growing.

Traditionally, the Group provides its customers with a complete range of solutions and services in the fields of scaffolding, props and shoring, concrete mixers, wheelbarrows and equipment for local authorities throughout the world.

The acquisition of Hertel in 2015, Prezioso in 2016, and Cape in 2017 have enabled it to make a remarkable and noticeable qualitative and quantitative leap. Indeed, with the acquisition of these three international groups, the Altrad Group has been given an exponential boost to its consolidation dynamics in the industrial services sector.

This policy of external and internal conquest combined with a continuous search for synergies and rationalization has enabled the Group to become first the French leader and then one of the world leaders in its fields.

The Group aims to become the world leader in its businesses while 1. maintaining and improving a strong return on invested capital; 2. providing the best products and services on the market; and 3. an increase in recurrent revenues and profits, in line with sustainable development.

The spirit of conquest that has driven the Group from the outset, has wisely aimed at building a unique company in both senses of the word – one and the same, but also specific and differentiated – so as to share greater benefits in the interests of development (technical, human, financial, etc.) and/or the survival of the Group in times of crisis.

How can the Group pursue this virtuous dynamic process? While the strategy has always been one of external and internal growth to benefit from international acquisition opportunities, the Group's development, as illustrated by its recent major acquisitions, has never proceeded on such a scale and in such a short space of time.

This unprecedented rate of growth presents a major challenge. How to integrate newcomers while respecting their culture, as the Altrad Group has always done? How to

convert the buyout into a successful growth experience, where the expected synergies are effectively implemented, where the profitability of the new overall entity benefits from the contributions of the acquired companies, where employees can adhere to the new entity thus formed and mobilize their energies? How can we continue to generate growth – a prerequisite for the Group’s survival – while limiting the adverse effects that rapid and substantial growth could have on the Group’s fundamentals? In other words, how to create the conditions for reasoned, coherent and appropriate development?

**... and taking on a new dimension**

The recent acquisitions of Prezioso, Hertel and Cape, and the launch of the “ALTRAD 2020” development programme mark a new stage in the Altrad Group’s history.

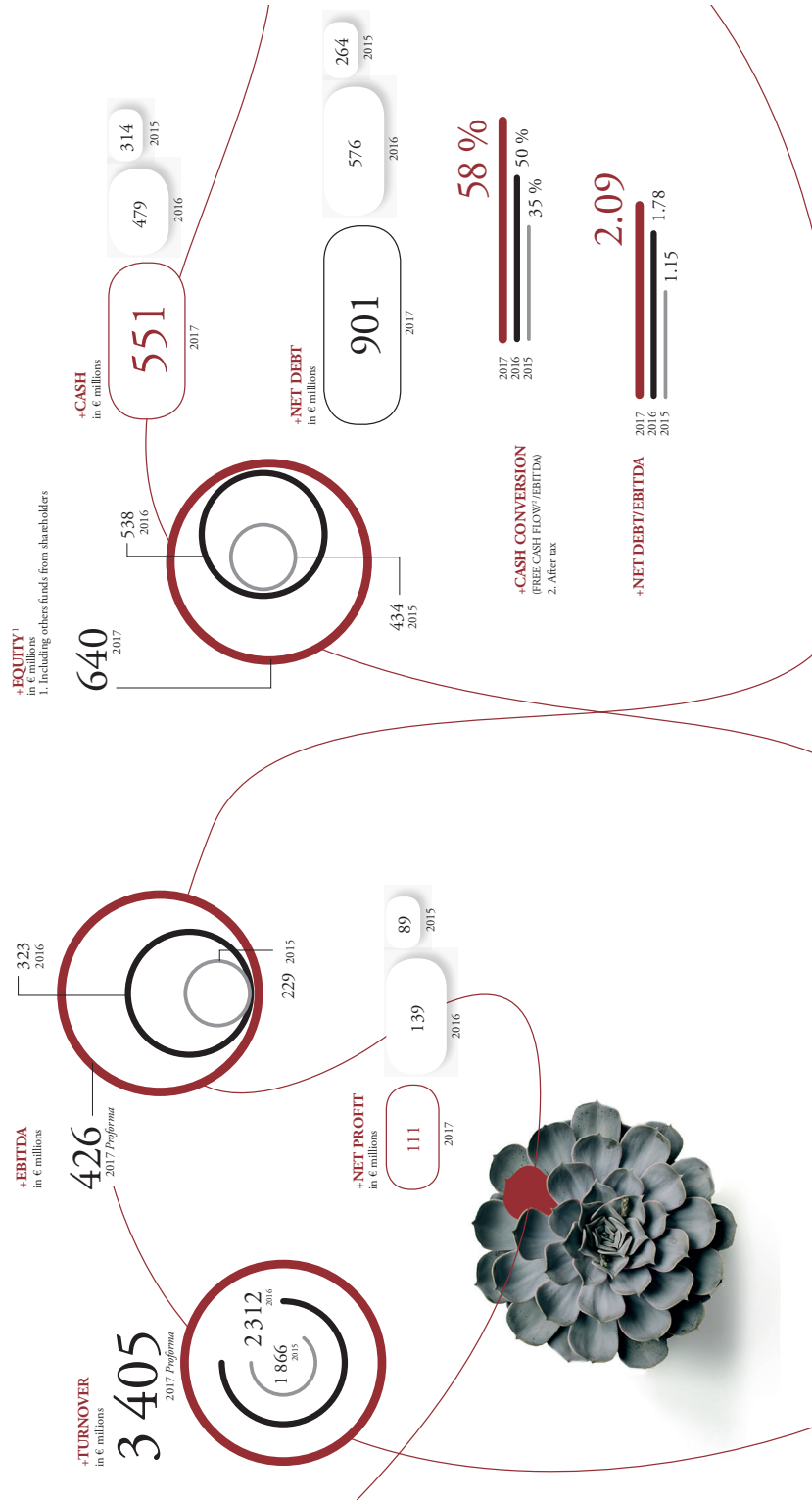
With the acquisition of these three international groups, Altrad has changed dimension. Today, the Group has some 40,000 employees (as of 31 March 2018) and more than one million customers worldwide (equipment and services combined).

By strengthening its global presence and expanding its range of business lines to include industrial services, the Altrad Group is resolutely entering a new phase of development and growth.



# THE GROUP'S NEW IDENTITY CARD

## Key financials With Cape, 12 month' activity





## **THE CHALLENGE OF RAPID, EXPONENTIAL GROWTH**

Today, as in the past, companies exist in a competitive environment. Increasingly fierce competition is forcing companies to grow in order to survive. The Altrad Group is no exception to this reality.

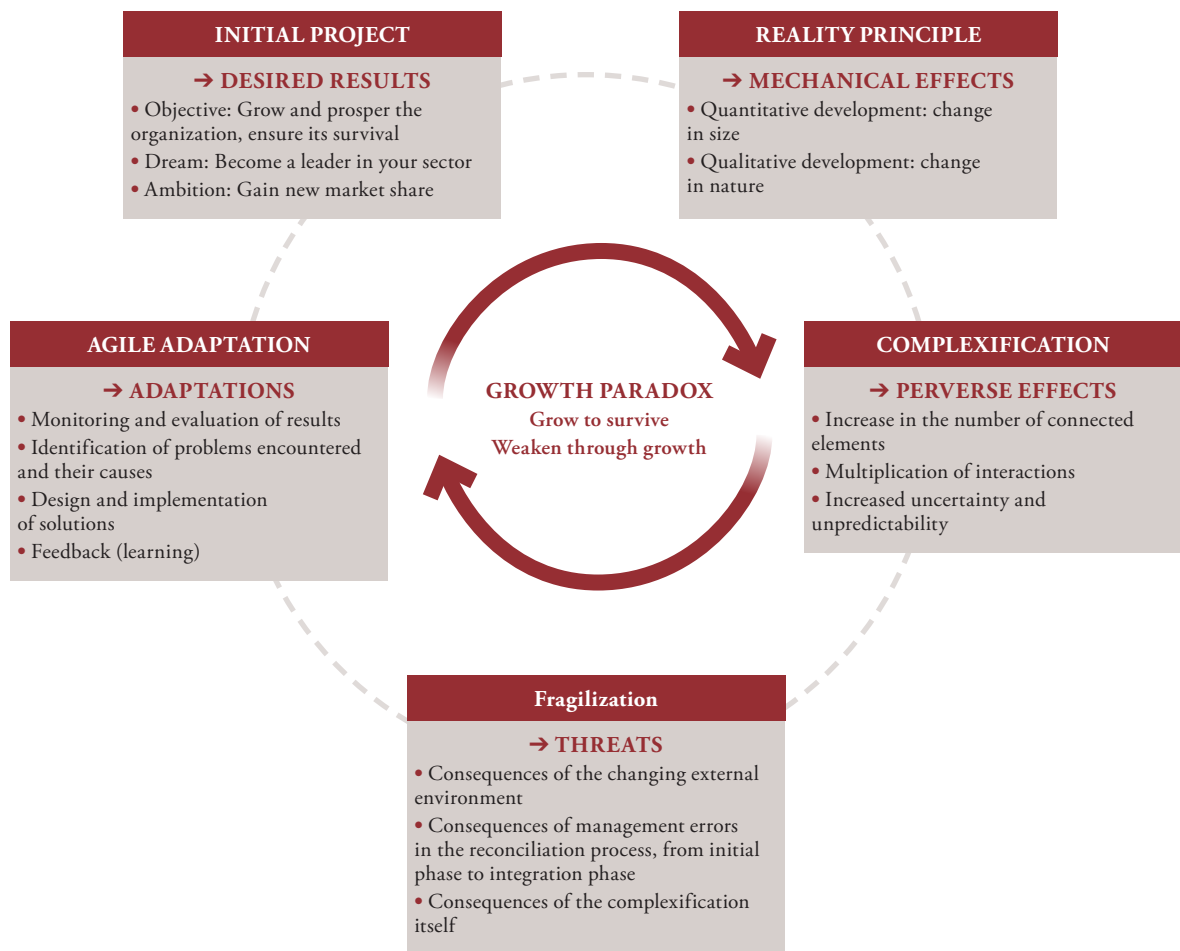
Growth is a process whereby a company changes size (quantitative aspect) and/or nature (qualitative aspect). It can do this in different ways – internal growth, external growth, cooperation – depending on the internal context of the organization, its environment, and the economic, competitive and financial context.

Potentially, it is a key element of value creation. In recent years, the Altrad Group's successful growth policy has enabled it to experience:

- an increase in turnover
- a rise in net income
- an exponential increase in the number of employees
- the conquest of new business sectors
- the penetration of new markets

However, a development strategy is not without risk. The danger, as experienced by many companies that have engaged in growth operations, is that they lose more than they gain once their growth strategy is implemented. Making a large-scale acquisition or a multitude of successful acquisitions is always a real challenge.

### Impact of an external growth operation on an organization



How to square the circle, otherwise known as the “growth paradox”, namely that growth is accompanied by obstacles to sustainable growth, as it leads to:

- diluting the meaning of collective action
- increasing organizational complexity
- dispersing efforts and resources
- organizational, relational, even financial and economic weakening

Any growth operation is mechanically accompanied by certain effects – both quantitative and qualitative – which have an impact on the company in all its components and dimensions.

The more a company seeks to strengthen itself through a development policy (particularly external), the weaker it becomes – in that it is exposed to greater disorder – before reaching a new state of equilibrium, as the case may be. This is called the growth paradox.

The growth operations carried out by the Altrad Group also create conditions leading to greater temporary disorder insofar as the change in size generates more constituent elements and more interactions (between the elements themselves and between the elements and the outside world).

The threats that potentially accompany any growth operation can be grouped into two main categories:

- potential weakening due to increased complexity
- fragmentation of entities, loss of information and coherence, and potential dilution of the decision-making process

The Altrad Group’s development has not been linear and has encountered stumbling blocks along the way. The Group has evolved in environments that have not always been favourable to growth. However, the two major periods of crisis that it has gone through have enabled it to develop a capacity for resilience, consolidating its DNA through the collective learning required for its survival and sustainable development. On the other hand, Altrad is facing increased complexity (new markets, new professions, new employees, new local and entrepreneurial cultures, new management methods, etc.) liable to hinder its operations.

The profound transformations undertaken over the past few years represent a challenge for the Group, testing its ability to adapt to new internal and external contexts. In light of this:

- how do we sustain collective meaning?
- how can the organization enhance its agility to avoid being bogged down by greater bureaucracy and inertia?
- how best to allocate resources and energies and avoid dispersion, synonymous with diluted efficiency as the Group grows rapidly?
- how to achieve the objectives – notably financial and economic – that led to implementing the growth strategy in the first place?

The challenge – today as in the past – is to regain balance or even achieve new balance and increased performance, which are essential to the company’s survival and a symbol of the success of the growth operations.

## THE PRIORITY ISSUES FOR THE GROUP

In acquiring this new dimension, the Altrad Group faces significant challenges, which it will take up in order to continue creating wealth for all its partners, in a spirit of respect for people, for goods and for the planet.

These issues trace out an ambitious roadmap, leading to:

- successful growth
- value creation at all levels of the Group
- enhanced operational excellence
- ensured safety and ethics
- the preservation of our culture and the celebration of diversity

Together, they create the conditions for our ongoing development and transformation programme, enabling us to enter a new era of Altrad global leadership, delivering satisfaction to more and more customers.

<p style="text-align: center;"><b>1. SUCCEED IN OUR GROWTH</b></p> <p>→ <b>Internal growth</b></p> <ul style="list-style-type: none"> <li>• Cost control/Minimization of CAPEX</li> <li>• Streamlining processes</li> <li>• Innovation in products, services, communication, operational and business practices</li> <li>• Acquisition of new market shares in our historical businesses</li> </ul> <p>→ <b>External growth</b></p> <ul style="list-style-type: none"> <li>• New partners, new markets</li> <li>• Continuation of strategic acquisitions</li> <li>• Attainment of critical size</li> </ul> <hr/> <p style="text-align: center;">→ <b>SECURE MARGINS AND INCREASE CASH FLOW</b></p>	<p style="text-align: center;"><b>2. CREATE VALUE AT ALL LEVELS OF THE GROUP</b></p> <p>→ <b>Ensure the survival of the company and create the conditions for its profitable and sustainable growth by gaining competitiveness</b></p> <p>Search for optimal impact through the development of a significant company on its markets</p> <p>→ <b>Innovate</b></p> <ul style="list-style-type: none"> <li>• Optimized and agile matching between supply and customer/market demands/expectations/requirements based on customer needs (strategic intelligence, internal information sharing system, ideas and solutions)</li> <li>• Anticipate and precede our customers' expectations by imagining the future and enlisting them in the Altrad Group's vision</li> </ul> <p>→ <b>Value and nurture the notion of cooptition</b> (competition AND collaboration)</p> <hr/> <p style="text-align: center;">→ <b>IMPROVE COMPETITIVENESS AND PROFITABILITY</b></p>	<p style="text-align: center;"><b>3. ENHANCE OPERATIONAL EXCELLENCE</b></p> <p>→ <b>Promote and reinforce operational excellence, an essential factor in creating the trust that our customers place in us</b></p> <p>Reaffirm the value of excellence at all levels of the organization</p> <ul style="list-style-type: none"> <li>• Increase the level of skills to accompany business development through the acquisition of new talent, internal training, coaching, sharing best practices, on the job development, careful onboarding processes, etc.</li> <li>• Increase the quality of internal communication and collaboration to ensure better alignment and understanding of respective responsibilities and common/individual objectives</li> </ul> <p>→ <b>Create centres of excellence</b></p> <ul style="list-style-type: none"> <li>• Identify best practices, operational processes and solutions with a view to sharing and disseminating them within the Group</li> <li>• Increase organizational learning (self-learning enterprise) (KPIs, evaluations, feedback, etc.)</li> </ul> <hr/> <p style="text-align: center;">→ <b>INSPIRE OPTIMAL TRUST</b></p>
<p style="text-align: center;"><b>4. GUARANTEE SAFETY AND ETHICS</b></p> <p>→ <b>Promote irreproachable behaviour and conduct and develop a culture of compliance</b></p> <ul style="list-style-type: none"> <li>• Careful respect for ethics and internal values</li> <li>• Compliance with the law and competition law rules</li> <li>• Prevent corruption</li> <li>• Implementation of a compliance programme and dedicated teams at all levels of the Group (training, best practices, etc.)</li> </ul> <p>→ <b>Implement the highest level of safety</b> facilities, assets and systems to provide our customers and employees with a safe and reliable environment</p> <p>→ <b>Encourage eco-responsibility in a sustainable way</b> Extended to all our products and services</p> <hr/> <p style="text-align: center;">→ <b>BUILD A SAFE AND RESPONSIBLE WORLD</b></p>	<p style="text-align: center;"><b>5. PRESERVE CULTURE AND CELEBRATE OUR DIVERSITY</b></p> <p>"Diversity is the treasure of human unity; unity is the treasure of human diversity" (Edgar Morin, <i>La Voie, Pour l'avenir de l'humanité</i>, Fayard, 2011)</p> <p>→ <b>Communicate – again and again – on the Group's humanist values</b></p> <ul style="list-style-type: none"> <li>• Conviviality, courage, humility, respect and solidarity</li> <li>• Integrity and loyalty, honesty and trust, freedom and passion, multiculturalism, cohesion and team spirit, autonomy and entrepreneurial boldness, change and flexibility</li> </ul> <p>→ <b>Rethink Altrad branding</b> To assert the Group's homogeneity and strengthen brand awareness in all its markets</p> <hr/> <p style="text-align: center;">→ <b>A UNITARY BUT PLURAL GROUP</b></p>	

## OUR TRANSFORMATION STRATEGY: 5 STRATEGIC LEVERS FOR PROFITABLE AND SUSTAINABLE GROWTH

With its “ALTRAD 2020” programme, the Group is implementing a strategy of extensive transformation leading to profitable growth over the long term, and based in particular on implementing a new customer-focused Business Development policy.

### ALTRAD 2020: World leader in construction equipment and industrial services



This strategy, in which operational excellence, the quality and appropriateness of investments, R&D and open innovation as well as matrix organization play a predominant role, is designed to create value for all stakeholders.

Based on solid fundamentals, diversified geographic positioning and strengthened global presence, an original and agile organizational operating mode, and a growing digitalization policy, the Altrad Group aims to continue to ensure solid performance over the long term.

## The 5 strategic levers

<p><b>1. OPERATIONAL EXCELLENCE</b> Customer satisfaction: course and compass</p> <p>→ Honour operational excellence at all levels of the value chain</p> <ul style="list-style-type: none"> <li>• By focusing on the industrial fundamentals of safety, reliability and durability</li> <li>• By attracting, developing and retaining passionate and competent employees in their field of activity</li> <li>• By providing an unparalleled customer experience throughout the business relationship</li> <li>• By engaging all partners and employees in a clear and ambitious strategic vision</li> <li>• By accelerating digital conversion throughout our operations</li> <li>• By reinforcing the coherence, awareness and visibility of the Altrad brand</li> </ul>	<p><b>2. GROUP'S CSR POLICY</b> A culture of excellence</p> <p>→ Promote an ambitious and exemplary CSR policy</p> <ul style="list-style-type: none"> <li>• By developing the CSR culture within the Group and by committing everyone to implementing this value and satisfying this objective</li> <li>• By managing overall performance in terms of safety</li> <li>• By establishing leading indicators, risk detection and correction processes</li> <li>• By adapting our employees' working conditions to offer an exemplary and adaptive level of safety and well-being while reducing the impact on the environment</li> <li>• By promoting products and services that are safe, reliable and of impeccable quality in order to offer our employees, partners and customers an optimum level of satisfaction and safety</li> <li>• By respecting international norms and standards and by validating the compliance of our operations with internationally recognized quality standards (ISO 9001, OHSAS 18001 and ISO 14001)</li> <li>• By committing the Group to ever more ambitious eco-responsibility in order to guarantee respect for the environment today and tomorrow.</li> <li>• By honouring Altrad's humanist values through implementing the most virtuous commercial, financial and managerial practices, in strict compliance with the law and ethics</li> </ul>	
<p><b>3. PERTINENCE OF INVESTMENTS</b> Altrad: undisputed leader in its markets</p> <p>→ Invest wisely to achieve Altrad Group growth</p> <ul style="list-style-type: none"> <li>• By committing the Group to a rational and controlled development strategy, capable of preserving historical relationships and winning new relationships with our customers</li> <li>• By identifying the best opportunities for organic and external development thanks to an organization with a solid local presence, international credibility and optimized internal collaboration</li> <li>• By balancing risks region by region, from existing activities to new projects, to preserve profitability and competitiveness</li> <li>• By focusing on the activities where we perform best</li> </ul>	<p><b>4. OPEN INNOVATION</b></p> <p>→ Accelerate the innovation of products, services and processes</p> <ul style="list-style-type: none"> <li>• By deepening investment in R&amp;D</li> <li>• By encouraging open innovation based on scientific research, customer experience and enhanced collaboration to share best practices and identify the most promising solutions</li> <li>• By accelerating the Group's digital transformation</li> <li>• By redesigning the Group's website in order to clarify Altrad's image, by increasing its reputation and by developing close and quality communication with all partners</li> </ul>	<p><b>5. MATRIX ORGANIZATION</b> An agile, coherent and coordinated organization</p> <p>→ Strengthen proximity to our customers and ensure the delivery of products and services of excellence</p> <ul style="list-style-type: none"> <li>• By consolidating the Group's matrix organization through the creation of a Progress Unit dedicated to Business Development, able to             <ul style="list-style-type: none"> <li>– define and imprint the Group's growth strategy</li> <li>– identify development opportunities</li> <li>– conduct a fruitful dialogue with all stakeholders in touch with the reality of the markets</li> <li>– coordinate local and regional business initiatives</li> <li>– unify strategic and operational policies and processes</li> </ul> </li> <li>• By clarifying the roles and responsibilities of the subsidiaries, Progress Units and the holding company in order to improve the decision-making process</li> </ul>



In a changing world characterized by increasing competition, uncertainty, volatility and exponential complexity, Altrad can count on the commitment, passion and professionalism of its employees, as well as the trust of its customers and suppliers and the loyalty of its shareholders.

It draws inspiration and resources from a set of strong values that guide the actions and decisions of each and all, in the service of building a world where safety, respect and humanism are mutually beneficial.

#### **Why a transformation strategy?**

With the major acquisitions made in recent years, the Altrad Group has not only changed its geographical and organizational dimension, but also its nature, by expanding its range of products, services, businesses and skills.

It interacts with a world that is changing radically, with ever-increasing competition, growing demands for professionalism, where digital transformation modifies our relationship to time, to others and to service, and has an impact on our ways of working, consuming and communicating.

To meet these challenges, the Altrad Group is implementing a transformation strategy at the service of all its partners, centred on the customer, based on operational excellence, coherent and ambitious investments, open and connected innovation and a business development function within a revised matrix organization.

## **OPERATIONAL EXCELLENCE**

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

*We are what we repeatedly do.*

*Excellence, then, is not an act but a habit.*

ARISTOTLE

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

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

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

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

An upward movement, an ambition to surpass oneself, it stems from a humanist philosophy in which individuals and groups are invited to develop their potential.

Excellence is awareness of one's own limits without which one cannot surpass oneself – consciously and deliberately. It is the knowledge and recognition of all that one is yet to become. It is part of a continuous improvement process and involves celebrating each level 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 each moment of the life of the organization, it is what provides the maximum level of satisfaction of the players, taking into account their own capacities and the environment in which the company is evolving.

## Altrad 2020 objectives

### → ALTRAD 2020 TRANSFORMATION PROGRAMME

Deliver sustainable revenue and profit growth while increasing the value of the Altrad brand worldwide

- The Altrad Group's new transformation programme guides our energies and actions so that together we can achieve our objectives over the period 2018–2020.
- This coordinated programme commits each of the Group's employees to personal and collective performance, in the service of greater proximity to our customers, by being ever more innovative in our core business and new markets.

### → IMPLEMENTATION OF AN INTEGRATED AND COORDINATED BUSINESS DEVELOPMENT POLICY

- To coordinate the Group's development efforts and strategies, Altrad is creating a new Progress Unit dedicated to Business Development.
- In charge of organizing commercial and marketing activities in the broad sense, this PU aims to create and coordinate an efficient and effective collaborative network to optimize the deployment of talent, the detection and enhancement of growth opportunities and the exploitation of skills.

### → OUR STRATEGIC OBJECTIVES

- Become the leader in multi-disciplinary industrial services in key markets around the world
- Offer an improved and expanded portfolio of industrial products and services
- Reduce operational risk through an expanded client portfolio and a diversified platform
- Benefit from recurring and resilient activities, mainly through maintenance contracts in industrial sectors
- Optimize the rate of return on equity through the integration of less capital-intensive activities
- Benefit from synergies between Equipment (manufacturing, HR and sales) and Service activities
- Regulatory changes in the power generation sector are expected to create new opportunities to expand the range of services offered by Altrad

### → COHERENCE, CREDIBILITY AND INFLUENCE OF THE ALTRAD BRAND

To raise awareness of the Altrad brand, particularly among major industrial customers, so that Altrad is recognized worldwide as a leading player in the field of industrial services.

### → OUR PERFORMANCE OBJECTIVES

**+ 3–4%**  
of average annual turnover  
(excluding external growth)

**+ 3%**  
EBITDA

**+ 8–15%**  
annual growth  
divided between organic growth and external growth while preserving a debt/EBITDA ratio below 2

Free cash flow

**> 60%**  
EBITDA

### → LAUNCH OF THE WCES PROGRAMME

Designed to strengthen excellence at all levels of the organization and in every aspect of its life:

- Health and safety
- Environment and risk prevention
- Reliability of products and services
- Industrial performance
- Quality of business processes
- Employee development
- Innovation, growth and development

It is based on high standards and perseverance as well as collaboration and benevolence, encourages the expression of talents 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 calls for vitality (curiosity, creativity, resilience, capacity to innovate, passion), a resolutely growth-oriented state of mind (appetite for new challenges), clear objectives (sense of a personal mission that goes beyond the individual or the organization to satisfy a more global vision), leadership and the appropriate culture to allow this to propagate in the company.

A necessity in a competitive economic environment, excellence is also an opportunity for the progress and achievement of everyone.

The transformation undertaken by the Altrad Group will focus on creating a value chain centred on our customers, which differentiates us today and going forward.

### Honouring operational excellence at all levels of the value chain

An essential component of Altrad's corporate culture, operational excellence is the driving force behind our sustainable performance and the foundation of the trust placed in us by our partners.

Promoting operational excellence has to meet the triple requirement of reliability, safety and efficiency, for all our production and service activities as well as our commercial activities.



Reliability and safety are at the forefront of our customers' expectations and contribute directly to their own performance and reputation.

The Altrad Group is increasingly recognized internationally for its ability to carry out complex and large-scale industrial projects that require the highest level of safety.

To do this, the Group is innovating by initiating a new programme called WCES (World Class Equipment & Services), designed to improve the company's performance by aiming for managerial, operational and industrial excellence, in compliance with international standards, but also internal standards (KPIs, etc.).

The ambition of this programme is to set an example for each of the Group's subsidiaries in terms of:

- personal safety and well-being at work
- quality of products and services
- economic and environmental performance

Operational excellence can only be achieved if everyone adheres to the principle of continuous improvement and the value of excellence, and via the internal dissemination of best practices, ideas, methods and solutions from internal or external sources.

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

All criteria and, ultimately, initiatives and solutions can be centralized on the Group's intranet and made available to all to enable each subsidiary to build its own roadmap and define its own steps for implementing the programme.

Achieving and maintaining managerial, operational and industrial excellence is a long-term process that will require step-by-step deployment for each aspect of company life:

- Health and safety
- Environment and risk prevention
- Reliability of products and services
- Industrial performance
- Quality of business processes
- Employee development
- Innovation, growth and development

Operational excellence and customer satisfaction are interlinked. By disseminating its WCES programme, Altrad intends to create the conditions for intensifying its culture of excellence and positively impact not only its performance but also the enchantment of its customers.

## Putting the customer at the core for constantly renewed satisfaction

Our motto: *The company is a human construction made by and for people.*

Since its creation, the Altrad Group:

- has been built around strong, singular values that put the customer at the heart of its concerns, in a humanistic conception of management that includes respect for people and cultural differences
- has been committed to continuously advancing its organization and decision-making process in the service of the customer

To achieve its ambition, Altrad is implementing the “Altrad 2020” transformation strategy focused on its customers, guaranteeing quality and value for all its partners, thus enabling it to maintain profitable growth over the long term.

### Objectives



## Strengthening the consistency, reputation and visibility of the Altrad brand

By establishing itself as a major player in the international economy, Altrad has gone beyond the scope of its businesses. We have entered a new set of dynamics. Today, the Altrad brand is a decisive competitive advantage for each subsidiary of the Group.

Our ambition is to position our Altrad brand as the globally recognized signature of its customers' preferred partner in the field of industrial services and construction equipment. With this in mind, the Group has embarked on a rebranding policy to rethink the brand of the Group and its subsidiaries, in a pragmatic, strategic and optimistic manner.

This new banner, which brings us all together, is designed to symbolize the great adventure we are building together. We want it to carry our founding and humanist values: passion and freedom, mutual trust, loyalty, respect for cultures and differences, team spirit and love for the future.

### Branding

#### → WHAT STRATEGIC APPROACH IS REQUIRED TO MAKE ALTRAD A STRONG, INDISPENSABLE, BENCHMARK BRAND THAT INSPIRES CONFIDENCE IN OUR CUSTOMERS?

A traditional approach to integrating the distinct brands of a group involves a dual process of strengthening the cohesion of the organization and federating its members around the group's name. This is a long-term process (usually lasting several years), as it is important to:

- preserve the target's identity in the first instance;
- respect the cultures and particularities of the Group's various companies, and even capitalize on each company's reputation;
- build a new, harmonized, common identity in collaboration with the various stakeholders; and
- accustom employees and customers step by step to the new identity whose reputation and legitimacy are gradually being built up.



→ **PHASE 1.** Each newly acquired company retains its corporate name/brand.

→ **PHASE 2.** Associated with the name of the target company is the name of the acquirer.

Example: *Prezioso, an Altrad Services Company*

During this same stage, it is possible to highlight the target's membership of the Group by adopting the same signature (tagline) as the acquirer.

→ **PHASE 3.** The graphic charters are gradually harmonized and converge:

- either towards the graphic identity of the acquirer
- or towards a new graphic identity common to all Group companies

→ **PHASE 4.** Once the acquirer's reputation and recognition have been established on the market(s) in question, the target's original name disappears, giving way to the acquirer's name only.

#### → A GROUP LOGO THAT IS NOW IDENTIFIABLE IN ALL ITS MARKETS



#### → 54 SUBSIDIARY LOGOS ASSOCIATED WITH THE GROUP LOGO



#### → A SET OF SIGNATURES THAT IS NOW UNIFIED AND HARMONIZED

across the entire range of applications (stationery: headers, business cards, envelopes, institutional print - email signatures - PowerPoint templates)



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www.altrad.com

#### → REDESIGNED TYPOGRAPHY THAT IS THE SAME FOR ALL ENTITIES

EXO Regular  
abcdefghijklmnopqrstuvwxyz 0123456789  
ABCDEFGHIJKLMNPOQRSTUVWXYZ 0123456789

EXO Bold  
abcdefghijklmnopqrstuvwxyz 0123456789  
ABCDEFGHIJKLMNPOQRSTUVWXYZ 0123456789

### **Building on the success of MHR and Altrad's top athletes**

As privileged partner of the Montpellier Hérault Rugby Club, of which it is the patron and owner, Altrad has helped it to grow thanks to a bold and innovative development strategy, inspired by the keys to the Group's success and rooted in fundamental values.

Montpellier Hérault Rugby (MHR) club holds that all exemplary behaviour is based on adopting a set of common values and an ethical code. It is therefore essential that each member of the club fully and sincerely adhere to these values, being both the spokesperson and the embodiment of them.

More recently, Altrad became the official sponsor of the French national rugby team. Beyond Mohed Altrad's passion for rugby at the source of this new collaboration, it is a way for the Group to express the ambition of its trajectory which, like that of the national team, aims for the top step on the podium and relies on an efficient team of committed, motivated and passionate men and women.

A collective sport of head-on opposition, where players are confronted with the variety and harshness of warring opposition, rugby has chosen a specific mode of conduct, with values that temper the "brutality" of the game.

- The game is made possible and acquires a form of nobility thanks in particular to 1. cooperation between the partners, respect for others, courage and solidarity that are essential when there are occasions of physical confrontation and damage to motivation (random scores, duration of matches, difficult weather conditions, etc.) and 2. conviviality (festive exchange in the third half to limit rivalry at the time of the game and overcome any feelings of resentment).
- The need for brotherhood is not imposed because of any resemblance between men, or the certainty that they belong to a common gender, but stems from the responsibility of each person faced with someone who sees them as a complete outsider.

By stating and explaining the values that drive it, an organization asserts what is important to it, beyond its strictly financial, economic or strategic objectives. It indicates its place in a wider community, the ideals it defends, its positions on certain social issues (environment, sustainability, training, integration, etc.) and how it plans to help defend them.

Any value is a compass and a showcase for the organization it describes, both for its members (current and future), for all its counterparts as well as in terms of public opinion.

Respect, solidarity, courage, conviviality and humility are the distinct, linked values that MHR has chosen, as has the Altrad Group.

Because it celebrates tenacity, surpassing oneself, resilience and excellence, sport is both a great source of inspiration and an illustration of what we can accomplish together.

What bridges should be built between the MHR, Altrad's network of top athletes and the Group?

Altrad invites customers and partners to celebrate excellence, initiative, team spirit and courage at a number of events per year, some of which take place during the Six Nations Tournament. Customers, suppliers, partners, stakeholders and employees are gathered together to enjoy and share the privilege of a moment of conviviality, where they can network and meet the greatest rugby players from the MHR and the French team.

## Build on the success of the MHR and the Top 14

<p><b>COURAGE</b></p> <p>We are eager to surpass ourselves, to push our limits, to innovate, and to explore new ways of thinking and working. What we do is not simple: we are entrepreneurs; as such, we take risks and meet challenges all the time. Our objective is always to achieve the best results, whatever the difficulties encountered.</p>	<p><b>RESPECT</b></p> <p>We take and accept our collective and individual responsibilities to protect ourselves against any situation that could threaten the health and safety of everyone and of the work environment. We treat each person with consideration. In conducting our business, we act in accordance with the highest standards of transparency, integrity and honesty. We cultivate a strong sense of responsibility towards all the Group's stakeholders and the environment in which we work.</p>	<p><b>SOLIDARITY</b></p> <p>Solidarity is about teamwork and reliability. We collaborate and contribute to the various projects we undertake by sharing our ideas and opportunities, our knowledge, our know-how and our resources. We support each other and defend each other fairly. We cultivate open and collaborative relationships and place the common good above personal interests.</p>
<p><b>HUMILITY</b></p> <p>We are open to different points of view and convinced that we can learn from everyone, from everything, everywhere. We act and lead with inclusion in mind. We learn from our mistakes and successes and hold our competitors in the highest esteem, without ever underestimating them. For each project, we seek and offer sincere and constructive feedback to achieve our objectives through continuous improvement.</p>		<p><b>CONVIVIALITY</b></p> <p>On a daily basis, we strive to create a working environment that reflects our teams and their culture, based on commitment and open-mindedness. Together, we promote sharing and collaboration in a friendly atmosphere. We celebrate success and combine excellence and cross-functional teamwork to produce original and ambitious ideas and outstanding results.</p>

Altrad plans to export this concept elsewhere in the world, notably in Asia and the Middle East, as part of similar Asian rugby-related events. Although rugby is still a relatively “modest” sport in Asia, it benefits from the dynamism of the World Rugby Association and Asia Rugby, the organization that manages rugby in Asia. Helping to increase awareness of this sport in a part of the world where Altrad is increasingly present is part of the Group's outreach strategy.

## Celebrate success and inspire excellence

Develop a communication and promotion strategy for the Altrad brand by building on the success of recognized and admired athletes and personalities who embody the Group's values





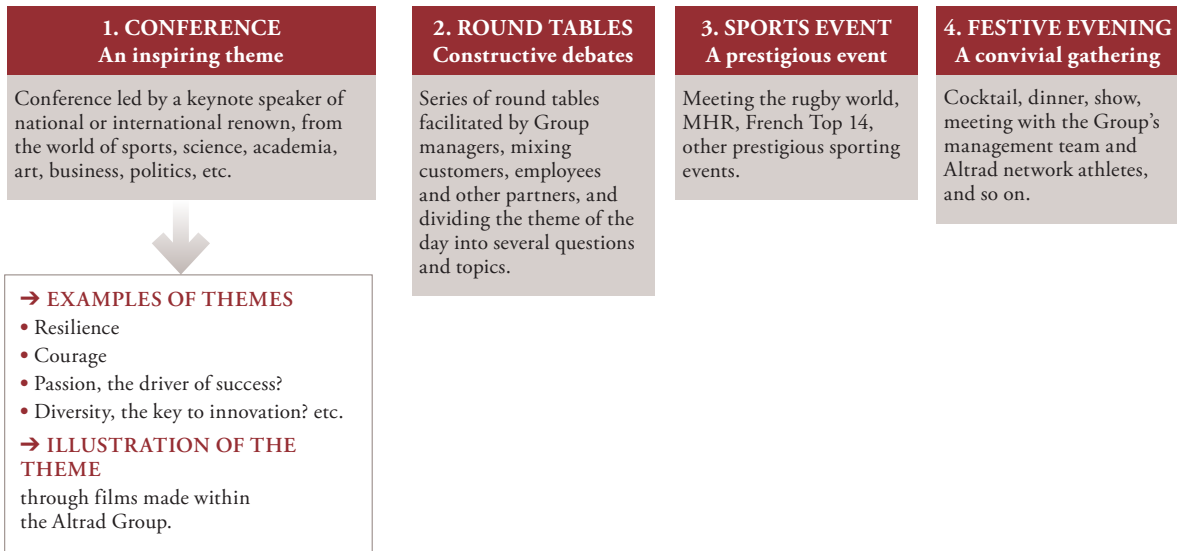
*Together, let's celebrate the passion*

The initial outlines are still being discussed, such as the creation of an innovative concept combining a passion for sport and business themes.

Altrad would invite customers, employees and partners of the Group to a rugby sports event (MHR matches, matches of the Top 14 and others) in order to exchange ideas on a given theme, led by keynote speakers, and personalities from the business, art, scientific, political and academic worlds.

Five days per year would be scheduled, the programme of which has yet to be specified in detail, but whose structure could be organized as follows:

**Altrad's "Passion & Reflection" sessions**



**HEALTH, SAFETY, ENVIRONMENT AND ETHICS: THE GROUP'S CSR POLICY**

At Altrad, health, safety and well-being are the responsibility of everyone, at their own level and within the scope of their responsibilities, both for themselves and those around them.

Moreover, safety is an indisputable value to which everyone must adhere fully and conscientiously. It permeates every decision we make and every action we take.

The Group encourages a culture of leadership focused on safety and incident prevention at all levels of the organization and at every stage of our operations, implementing the most demanding international standards. Our employees and partners work to the highest safety standards every day at our facilities, operational sites and administrative offices.

Indivisible from the notion of safety, respect for the environment and the defence of a high level of ethics add to the CSR charter, which is binding for Altrad and each of its employees.

### Engaging in our CSR culture of excellence

Historically, our subsidiaries have implemented their own HSE (health, safety and environment) management systems, with clear objectives in terms of targeted results.

In addition to quantified results, we have set up a Group-wide process aimed at guaranteeing the deep and lasting establishment of our safety culture.

At Altrad, we believe that an integrated safety culture goes beyond simply applying a set of policies and procedures, subject to authority and hierarchy. It is rather the result of a global approach to safety that integrates each employee within the organization, in all the countries where we are present, from operators in the field to General Management and administrative staff.

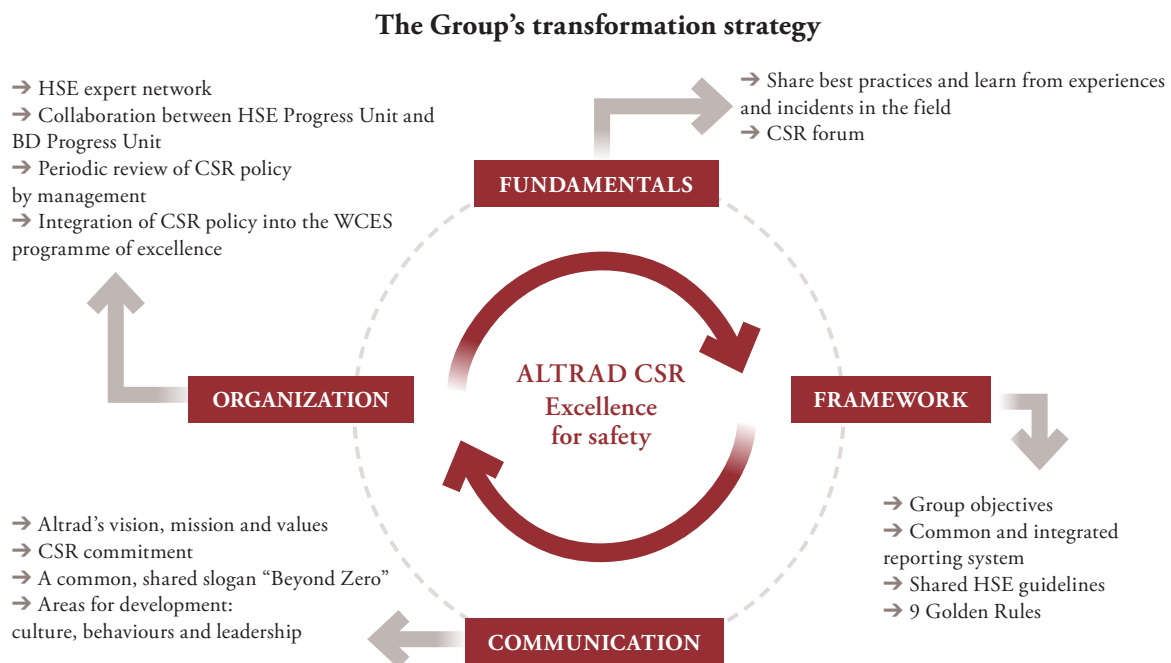
Even better, our CSR policy is an integral part of our approach to operational excellence.

As part of the Altrad 2020 transformation strategy, the WCES (World Class Equipment & Services) programme seeks to improve the company's performance by aiming for excellence in all areas. All our subsidiaries and Progress Units are being asked to review the CSR policy currently in force. Following an exhaustive inventory, a map of improvement areas will be drawn up and an action plan will be set up by the teams, as close as possible to the relevant situations and coordinated by the Progress Unit in charge. Each Business Unit is committed to promoting and developing a first-class HSE policy, in line with the principles of subsidiarity set out in the Altrad Group Charter.

Our objective – today as in the past – is to go beyond the legal requirements in order to offer all our partners a safe working environment that respects our planet.

### Deploying our safety policy

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 CSR policy is constantly monitored to guarantee optimal excellence at all times and to involve all Altrad employees a little more each day.

As part of the WCES programme and within the scope of the PUs, CSR and BD, safety, health, environment and ethics will progress at all levels of the organization and at every stage of the value creation process.

### *Our 9 Golden Rules for safety*

Our Golden Rules for Safety are part of a continuous improvement programme aimed at firmly anchoring safety in our culture. They symbolize our commitment: together with our employees and partners, we make sure that we meet the highest safety standards in all situations.



*The 9 key elements*

- Be a source of inspiration to encourage positive attitudes towards safety
- Make safety a fundamental value shared by all
- Emphasize the importance of major risks and our prevention strategy
- Share the vision of safety and responsibilities between employees and management
- Encourage individual intervention through cooperation and dialogue
- Be consistent and ensure sustainability in our day-to-day decisions and actions
- Recognize good practices and apply fair sanctions
- Develop security leadership across the board, at all levels and in all positions
- Commit to a long-term approach

**Adopting exemplary ethical behaviour**

Integrity is an essential condition for conducting business, not only because national and international regulations have intensified the risks and adverse consequences of illegal or illicit conduct, but also because integrity ensures sustainable and stable financial health. The Altrad Group defines itself by its adherence to the values of honesty and fair competition that will support its success.

Since its inception, the Altrad Group has been committed to embodying and upholding strong humanist values. It adheres to principles that allow it to ensure the protection and well-being of its employees and more generally of the people working in association with it. At the same time, the Group ensures that its assets are protected and that accounting and ethical rules are complied with.

This is done by:

→ promoting irreproachable behaviour and conduct as set out in a code of conduct, a charter of values, internal regulations and other digital publications by the Group

→ developing a culture of compliance

- careful respect of ethics and internal values
- compliance with legality and competition law
- prevention of corruption
- implementation of a compliance programme and dedicated teams at all levels of the Group (training, best practices, etc.)

→ implementing the most appropriate level of facility, asset and system safety to provide our customers and employees with a safe and reliable environment

→ promoting eco-responsibility in a spirit of sustainability extended to all our products and services

An Ethics Committee ensures that the Code of Conduct is properly applied and that the Group's ethical principles and values are adhered to, including:

- human rights
- conflicts of interest

- protection of the Group’s assets
- preventing and combating accounting irregularities
- compliance and the fight against all forms of public/private, active/passive, direct/indirect corruption
- compliance with competition law
- the fight against money laundering

An integral part of the Group’s culture, these values and principles are as binding for our employees as they are for Altrad’s teams, customers, suppliers agents and all other partners and contacts.

The implementation of the Code of Conduct is monitored by the Group Ethics Officer under the supervision of the Ethics Committee.

The latter meets at least once a year to assess the risks and to amend the Code, if necessary.

The Group Ethics Officer relies on a network of Local Ethics Correspondents appointed within each entity or regional division of the Group. The Local Ethics Correspondents are responsible for implementing and monitoring the Code of Conduct within the entity or department to which they report.

## QUALITY AND APPROPRIATENESS OF INVESTMENTS

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 experience 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% of turnover.

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

Headed by an experienced management and operational team of the highest quality, 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>• A business model backed by solid, sustained cash flow from multi-year maintenance contracts</li> <li>• Proven value creation and financial performance and continuous growth indicators</li> <li>• Strong balance sheet with moderate financial leverage, strong cash flow and earnings profile</li> <li>• Resilient and sustainable operating margins achieved through the implementation of a mix of services and markets</li> </ul>	<ul style="list-style-type: none"> <li>• Our vision: to become the multidisciplinary global leader in industry services in key markets around the globe</li> <li>• A clear external growth strategy based on complementary acquisitions that create value</li> <li>• An organic growth strategy that takes advantage of opportunities for operating gains, synergies and economies of scale</li> </ul>

Financial health	Strategy
<ul style="list-style-type: none"> <li>• An order book of nearly 3 billion euros allowing good visibility of future sales and results</li> <li>• A predominantly family capital, held by a stable, supportive and solidary shareholder base with a common long-term vision:                             <ul style="list-style-type: none"> <li>– remarkable participation by the French state through a 10% equity investment via the investment bank BPI, which also holds convertible bonds and bonds redeemable in shares</li> <li>– drawing on the expertise of prestigious investors and financial partners to support the Group's growth and investments</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Active monitoring of complementary business opportunities likely to 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 that the Equipment business plays in our growth policy</li> <li>• Implementation of a Business Development function of prime importance to increase customer proximity and the success of our major projects</li> </ul>

Customers	Markets (as % of total sales)
<ul style="list-style-type: none"> <li>• An international presence with worldwide 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 benefit all our customers</li> <li>• Special and advanced skills with proven track records on large-scale, multi-sector projects</li> <li>• Present in 49 countries and represented in over 100 countries</li> <li>• Presence, scale and know-how allowing us to offer integrated solutions to all our customers' requirements</li> <li>• Ongoing rebranding process to increase Altrad brand awareness and recognition</li> </ul>	<ul style="list-style-type: none"> <li>• Oil and gas: 50%</li> <li>• Construction: 21%</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>• Will to position the Group in the renewable energy sector, a key sector in terms of growth potential CSR and sustainable development</li> </ul>

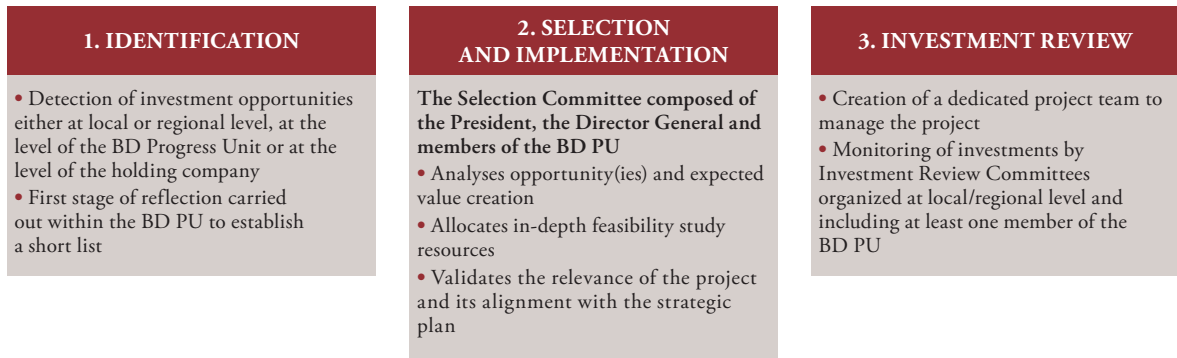
### Investing through a rigorous selection process

The selection of new opportunities and investment in new activities follows a rigorous, collaborative process.

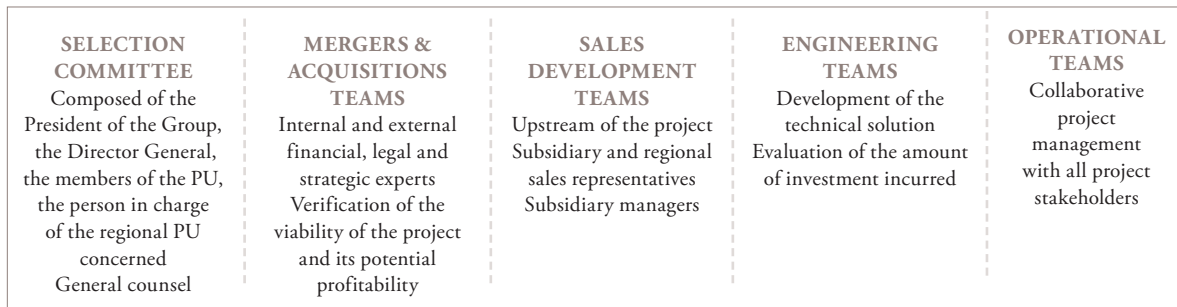
In order to make it ever more efficient and to minimize the loss of information and therefore opportunities, Altrad intends to further promote close collaboration between all stakeholders.

In this perspective, the Group is setting up a new Business Development function, both centralized (Progress Unit Business Development) and local (the entire Group sales network), whose main mission is to ensure the company's growth through coordinated, controlled and optimized sales development (see below).

### Main steps



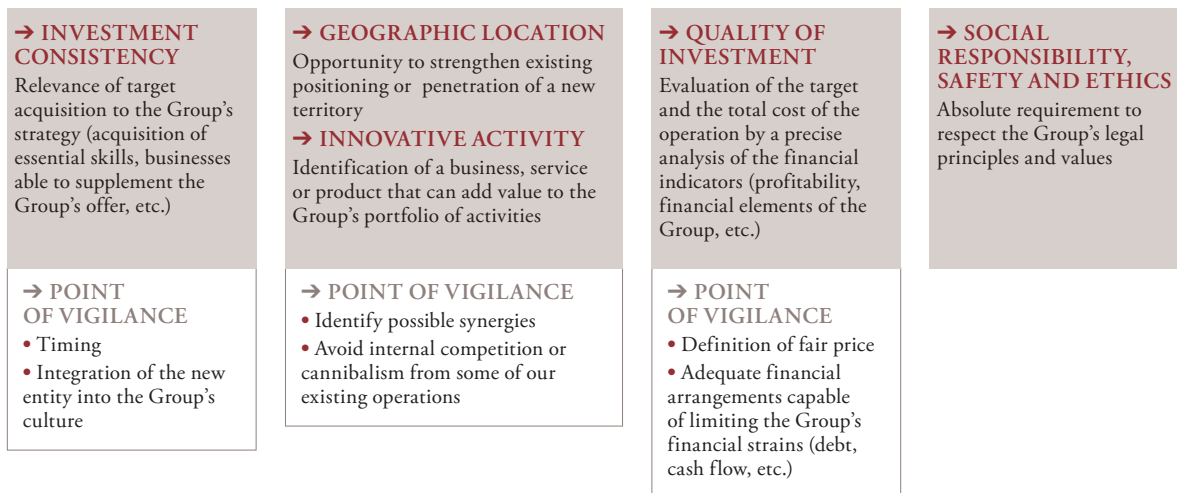
### Teams involved



### ONGOING COMMUNICATION AND DIALOGUE

Throughout the project, from its initiation to the review of its success, via implementation, the people involved exchange with each other (intranet, reporting, regular meetings, etc.) and ensure a permanent and transparent dialogue with the client in order to • continuously adjust the project to the issues at stake • manage the risks inherent in the project • to ensure immediate, medium and long-term operational and financial benefits.

### Demanding, clear and multiple selection criteria



## Developing the scope of activities underpinning the Group's strategy

Development of scope stems from a dual process of organic growth and growth by acquisition.

### *Organic growth*

- Identify cross-selling opportunities within the blue chip customer portfolio, in particular through synergies between Equipment and Services activities
- Promote the migration of construction contracts to sustainable (long-term) maintenance contracts
- Develop proximity with our customers and support them in the various stages of their biggest, most significant projects
- Set up business development teams and multidisciplinary operational teams able to work in project mode and satisfy the needs of our customers. These needs can be summarized as follows:
  - improved safety performance
  - increased production capacity on their assets
  - focus on operational performance (more time spent on our customer's core business)

### *External growth*

Whatever their nature, investments are essential to the Group's growth. They are part of an expansion strategy designed to give the Altrad Group an international dimension and a leading position in all its markets and businesses.

Investments also aim – in the long term – to make the Group the single, privileged multidisciplinary contact for its customers by offering them an integrated solution covering the entire spectrum of SIPM, Inspection, Electrical Instrumentation Engineering, Environmental and Specialist Services disciplines.

Investments are also essential to support innovation, enhance the Group's skills and enable it to provide its customers with innovative and effective solutions capable of meeting their own requirements and challenges.

Our challenge is to change the scope of activities underpinning this strategy, without weakening the whole, in a lasting way, and creating value for all stakeholders in the medium and long term.

As part of its strategic growth policy and the Altrad 2020 programme, the Group has set itself the task of pursuing development. Depending on the market opportunities detected and convertible into potentially profitable investments, Altrad plans to grow between 8 and 15% per year, combining internal growth and external acquisitions.

Investing in a differentiated way according to geographical areas and taking advantage of growth opportunities allows the Altrad Group to strengthen its competitiveness, reputation and credibility with its customers while continuing to guarantee the reliability and safety it must provide to all its internal and external partners.

The development of Altrad's scope of activities is in line with the Group's growth strategy and is divided into four main areas:

- optimize the group's scope in its current markets (acquisitions, disposals, restructuring)
- strengthen the multidisciplinary profile of the Group to enable it
- to be the single interface for its customers throughout the life cycle of their assets



- deliver integrated solutions covering the entire spectrum of SIPM, Inspection, Electrical Instrumentation and Engineering activities, environmental and specialist services activities
- make acquisitions to capture growth in emerging countries
- make acquisitions to penetrate adjacent markets

## ENHANCED RESEARCH & DEVELOPMENT AND OPEN INNOVATION

Research and innovation are pillars of the Group's strategy, helping to increase the range of products and services on offer and create high value-added solutions.

### Why open innovation?

In a competitive and changing market, where customer demands show a growing appetite for novelty, service, speed, simplicity, responsibility, customization and price, companies are engaged in a continuous process of improvement and constant, proactive and voluntary adaptation to their environment.

Innovation enables the Altrad Group to guarantee competitiveness, to open new markets, to create more value for its customers and to be more efficient.

Backed by its Research & Development departments, innovation occurs at all levels of the organization and affects all areas of activity. Organizational, managerial, commercial and technical, it contributes to improving the safety of goods, services and people but also the customer experience in the broad sense.

Today, the Altrad Group is committed to an open innovation approach, backed by existing internal mechanisms, based on strengthening partnerships and setting up new collaborations.

Driven by technological progress and the development of digital technology, supported by a common set of values and the belief that genuine cooperation is possible, open innovation will strengthen the Group's links with a global innovation ecosystem.

With bold commitment to trust, sharing and collective intelligence, the Altrad Group intends to develop its R&D activities and build a network of fruitful interactions not only internally, but also with customers, other companies, start-ups, and suppliers to universities, schools and research institutes.

We are convinced that building such a network will be a decisive asset to better anticipate market developments, professional practices and organizational procedures. It will enable us to explore new growth opportunities, to differentiate ourselves in a valid and sustainable way and to support our customers in their own challenges.

### Investing in R&D

Wishing 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 relies on these two levers to differentiate itself further from its current and future customers, at all levels of the value chain, from creation through marketing to the design of goods and services. R&D is an integral part of Altrad's strategy of excellence and helps to strengthen the Group's competitiveness.

### R&D in action

The Group is giving fresh impetus to its R&D policy by implementing a series of concrete actions, including:

- an increase in the R&D budget
- setting up strategic, transversal R&D programmes to fuel the Group's growth
- deployment of an innovation culture in all subsidiaries, disseminated and coordinated by the Business Development PU

### **Encouraging open innovation**

Transforming the competitive landscape and opening up attitudes to the notion of increased and extended collaboration will create a new space that is conducive to implementing open innovation.

Convinced that it is a business accelerator, Altrad is committed to a dynamic of openness and collaborative innovation extended to its customers and third parties, backed by enhanced research & development teams and supported by a network of schools, universities, laboratories and start-ups.

The contours of this more transversal innovation approach must be specified and, in part, invented.

It should allow us to:

- enhance our ability to listen to our customers
- adapt our technical and commercial solutions taking into account their specific and singular needs
- foster collaboration between R&D and marketing departments
- mobilize our internal and external resources
- incubate new activities
- develop new products, services, processes and technologies for greater customer satisfaction, safety, reliability, performance and eco-responsibility, both in our core business and for disruptive activities

### **Initiating a profound digital transformation in the Group**

Digital technology is redefining the map of the world, (virtually) abolishing borders and distances. It changes the relationship to time, to education, and access to information. It redefines relationships between people, organizations and transforms professional practices.

Digital technology is at the root of a major, rapid and exponential evolution in production methods and commercial relations.

The hyper-connection of the world and the reorganization of work that this allows have a profound impact on productivity – which increases “mechanically” – and on the flexibility of production processes in general.

One of the major impacts of the digital revolution is undoubtedly the possibility of “mass customization” which relies on the ability of enterprises to address and process complex and diverse demands on a large scale, thus creating the conditions for the ever-increasing satisfaction of customer needs and demands.

#### **→ Digital technology in the service of customer satisfaction and loyalty**

- The redesign of the Group’s website should enable us to offer all visitors (customers, prospects, suppliers, other partners and employees) a quality experience that is simple, useful and enhances the Group’s credibility.
- Our goal should be to convert as many visits to our site as possible into business contacts. Digital technology, at all levels of the company, is at the service of the development of the customer portfolio.
- The redefinition (content and design) of the site is an integral part of the Group’s marketing strategy. As a communication tool, able to affirm Altrad’s positioning and

value proposition, our site must become a place for interaction with our customers and a powerful tool for analysing market data. Our desire is to be present throughout the customer journey and to interact better with each of them:

1. Attract
2. Inform simply, quickly and appropriately
3. Provide a personalized experience with high added value
4. Build the business relationship, sell
5. Build loyalty

- This redesigned digital structure should also allow for greater complementarity of the Group's activities, of its brands undergoing unification and harmonization and increase the effectiveness of synergies.

→ **Digital technology in the service of teams to increase operational efficiency**

- Development of a high-performance intranet, designed as a virtual collaboration platform, enabling dialogue, the exchange of best practices and solutions, and the provision of strategic information in real time.
- Redesign of CRM tools and identification of sharing and pooling areas to facilitate the development of the customer portfolio, the sourcing of commercial opportunities and the identification of promising innovative solutions, able to satisfy the present and future needs of our customers. In the long term, the Group plans to invest in developing large-scale databases and data analysis (big data). Combined with the website and customer activities thus generated online (big data), these tools will enable the analysis of customer data, their processing and conversion into solutions to their needs (smart data).
- Development of Altrad social networks to offer new channels and modes of communication with customers (more direct and more up-to-date) and to promote the brand.
- Development of IT tools to streamline and automate production and logistics processes for increased efficiency and performance not only within the Group, but with customers and suppliers.
- Creation of attractive, coherent sales and marketing presentations (PowerPoint, brochures, case studies). The objective here is to build a uniform and homogeneous library of documents and media signing the Group's identity while allowing for a certain degree of customization and adaptation according to specific market and cultural environments.

→ **Digital technology in the service of employee development**

- Improve recruitment processes
- Promote in-house mobility
- Facilitate internal data exchange and sharing
- Help to develop employees (integration, training/e-learning, awareness, information)

→ **Digital technology in the service of the influence of the Altrad brand and the Group**

- As mentioned above, this follows the path of creating marketing tools (redesigned website, increased presence on social networks, films and videos, electronic brochures, etc.) that are intuitive, easily accessible and easily circulated.

## MATRIX ORGANIZATION

*Coming together is a beginning;  
keeping together is progress;  
working together is success.*

HENRY FORD

### **A matrix organization to promote collaboration and optimize development processes**

To unleash their full potential, and to cope with the sustained pace and complexity of the challenges they face, companies have to resolve the following paradox: to make agility and stability coexist.

In fact, they can even become more agile and adaptable by designing an original, personalized organizational and functional mode that allows them to manage an activity in motion while creating stability.

An agile organization is, paradoxically, an organization that not only guarantees a certain level of stability to allow resilience, reliability and efficiency, but also encourages movement and dynamics by being proactive, lively, flexible and agile.

In order to meet the challenge posed by such a paradox, and to navigate through its complexity, the organization has to be able to establish a relatively stable structure, governance, processes and values, which together constitute a flexible and solid backbone. At the same time, it must be able to create dynamic and free elements enabling it to adapt quickly and advantageously to the challenges and opportunities it faces.

The art therefore lies in striking the right balance between these apparently opposing tensions (stability and flexibility). Special attention should be paid to three main organizational areas:

- the organizational structure, which defines the distribution of resources
- governance, which dictates the decision-making process
- processes, which determine the actions themselves, including performance management

Altrad has long been committed to a non-hierarchical, matrix organization. Today, the Group continues to question its organizational model in the interests of continuous performance and sustainable profitability.

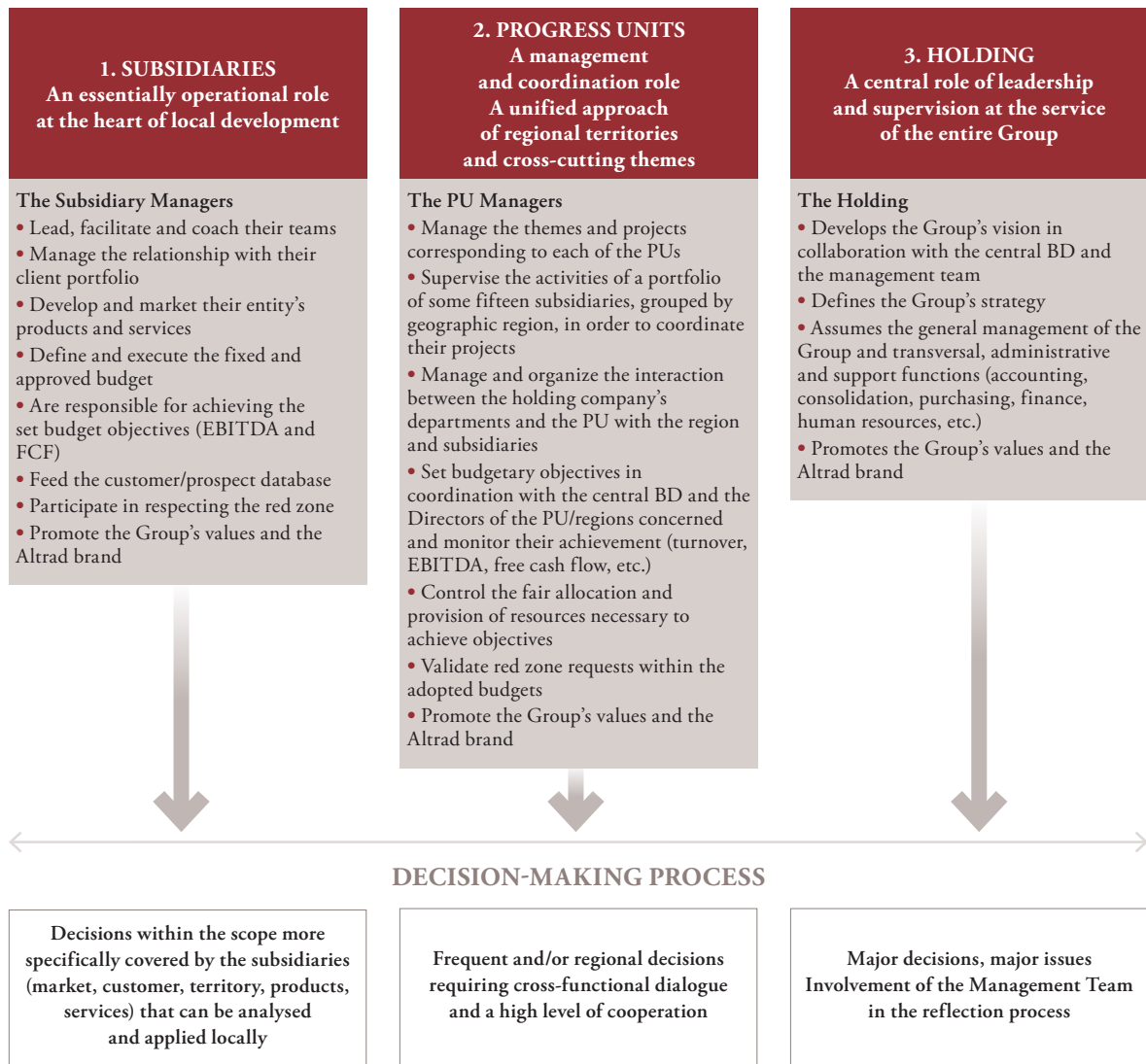
The constantly evolving internal and external factors to which it is subject compels the Altrad Group to keep the organization alive by keeping it supple and favouring the dynamics of an organization in motion.

In concrete terms, the Group has chosen to favour the following agile operating methods:

- a small holding company
- respect for the diversity of subsidiaries, in contact with their markets, without any normative constraints on the part of the Group
- the principles of decentralization and subsidiarity, linked to respect for entrepreneurship and favouring the strong position of the subsidiary within (in contact with) its environment
- an evolving organization, served by an agile, permanently reconfigurable matrix structure

### **Preserving the current agile and adaptive structure**

The Group's structure can be summarized as follows:



This original management method consists of:

- a matrix organization
- autonomy and great freedom of action offered to subsidiaries in a coordinated framework
- a headquarters responsible for strategic decisions, financial control, miscellaneous services, and the implementation of transversal projects

The Group's unique matrix organization – and in particular the coordination work carried out by its Progress Units – is an appropriate response to the disruption caused to the Group's organization by the merger operations it conducts.

This agile, functional matrix organization has many advantages:

- control of work processes through better synergy and interactivity between subsidiaries

- optimizing productivity, harmonizing and improving practices by applying the principle of subsidiarity, a form of internal versatility
- lighter and more effective communication
- a human scale that promotes better relations
- capitalizing on the Group's experience

Responsibilities are decentralized, which increases responsiveness, stimulates creativity and inventiveness. Decisions are made more quickly and information flows more easily.

In a changing and unstable economic context, transversal management brings flexibility to the organization, allows constant versatility and adaptation and promotes collective intelligence and innovation.

Altrad intends to maintain this original, agile structure, while adapting it to the new requirements that are emerging as part of its growth, in particular by creating a Business Development function, hosted within a dedicated and centralized Progress Unit.

Indeed, to ensure sustainability, a living organization must be able to constantly adapt and take into account the disorganization of its constituent elements and its external environment on which it depends, by definition, as an open system. It must be able to be autonomous, i.e. agile.

In an effort to maintain agility, the Altrad Group has set up and developed its organization over time in keeping with its size and the structural hurdles to overcome, as well as the complexity of its environment, in the knowledge that the more it grows, the more agile it must be to avoid losing contact with its markets.

In addition, to maintain a high level of performance over the long term, the company must develop its learning capacity and constantly adapt. This dual competence characterizes so-called self-learning and agile companies such as the Altrad Group.

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

For the organization to remain agile, it is necessary to regularly revive the common project and maintain collective mobilization by:

- regularly stating the fundamentals
- questioning why the company exists
- questioning what value it creates
- anchoring the fundamentals in everyday life
- making them part of everyone's behaviour and thinking
- promoting group discussion around the fundamentals.

Flexibility, responsiveness and versatility make it possible to increase customer satisfaction and reduce costs through, among other things, synergies, economies of scale and the pooling of resources and skills.

They also reduce inconsistencies and strengthen team spirit, in particular through shared responsibility and a greater sense of initiative. Thus, all the company's functions combine and complement each other in order to achieve a common objective, and this in the interest of all. A rational, intelligent and agile allocation of fundamental resources is key.

## **Implementing a Business Development function oriented towards growth and performance**

The creation, or more exactly the formalization of this Business Development activity, is an integral part of the Altrad 2020 transformation strategy.

### *Objective*

→ to ensure the company's survival and create the conditions for profitable and sustainable growth, through:

- greater competitiveness
- cost control
- an offer adapted to customers' needs and expectations

→ to create value for all the company's stakeholders, while respecting the Group's values, safety, ethics and the environment

In a competitive environment, the challenge for any company is to guarantee its survival, and even to grow.

“Economic competitiveness” is generally defined as the ability of an economic sector, a territory (country, economic area, etc.) or a company to sell and supply one or more market goods or services on a sustainable basis in a given competitive market.

In terms of relevance, this challenge could be likened to the search for optimal impact. In other words, how can the company be significant (and recognized as such) in its market(s) for the customers it serves today or tomorrow?

In terms of economics, it is about:

- optimized matching between the company's offer and customer/market demand
- competitive positioning or competitiveness

Losing competitiveness leads to:

- a gradual or rapid weakening of growth
- a decrease in the company's profitability
- a consequent reduction in its investment capacity in a retroactive process where each of these elements contributes to deteriorating the others and weakening the whole in a vicious downward spiral

Preserving or even improving the company's competitiveness is therefore key.

Promising and ambitious, it aims to improve the Group's competitiveness by focusing on two main areas: 1. our capacity for innovation in all areas and 2. customer satisfaction.

Implementing such a business development strategy presupposes that 1. we succeed in coordinating our efforts and talents and 2. we succeed in harnessing the company's energy around the search for new products and services, the conquest of new markets, the improvement (or discontinuation) of existing ones, and cost control.

The challenge is real, because the originality and relevance of a business development approach are based on the ability of the Group and all its players to combine two

traditionally opposed, even exclusive approaches, although both seek efficiency through the implementation of a solid and judicious strategy: 1. on the one hand the “voluntarist” Western conception where the strategist creates the conditions for the emergence of opportunities, a concept that thus follows the path of prior modelling followed by its application and 2. on the other hand the Eastern, and more particularly Chinese, “fluid” concept, where the strategist identifies the existing opportunities of the environment and chooses to exploit them.

The challenge – but also the difficulty or art of implementing this new function – is to succeed in mobilizing everyone towards this objective of controlled, sustainable growth and to infuse a business development mind set, at all levels of the company, so fundamental is it that each Group employee is aware of the importance of his or her contribution to the achievement of our common goal.

The company must therefore 1. on the one hand, go beyond a traditionally functional approach, i.e. make several departments work together, 2. and on the other hand, simultaneously lead a market orientation and a product/service orientation.

In concrete terms, this means working together to:

- create the conditions for the commitment and increment of the level of professionalism and skills of all employees, in the service of the company’s development, through the satisfaction of our customers
- set up an innovative BD function, both centralized and in close contact with all the Group’s structures, in order to limit the loss of talent, skills and opportunities
- establish new forums for exchange, coordination and decision-making, as well as new routines and methods of exchange and communication to ensure effective, engaging and efficient collaboration.

### *Customer satisfaction and innovation, key to the success of Altrad’s development strategy*

→ **Design a strategy for the strategy.** As seen above, this implies:

- understanding the environment
- identifying current and future societal issues
- defining a singular and relevant success strategy

→ **Create a dynamic of constant adjustment between demand and supply.** To do so it is necessary to:

- generalize the “strategic watch” function, i.e. be aware of its absolute necessity and make it essential and obvious
- take the pulse of (listen to) the market and society and detect opportunities, i.e. pick up on individual expectations and the needs of prospects and customers, but also societal changes (CSR: corporate social responsibility, respect for the environment, technological revolutions, knowledge and know how) demographic and geopolitical changes
- invest in R&D in order to promote a differentiated offer (products and services) thanks to 1. increased quality and features in line with market demand, 2. better control of design, innovation, production, promotion and marketing processes
- convert inventions into innovations. Conventionally, there are two types of innovation:



- operational innovations that respond to environmental demands. New products or services are designed based on the company’s existing skills
- exploratory innovations where ideas are generated with no preconceived idea of their relevance or ultimate usefulness. They are deployed in a process of rupture and the creation of new strategic knowledge and skills
- rethinking the relations between the different stakeholders, by exploring new forms of competitive positioning: collaboration, cooperation, cooptation (*Cooptation is a collaboration or cooperation of circumstance or opportunity in a given environment between different economic actors who, moreover, are competitors. The word “cooptation” is a hybrid construction between “cooperation” and “competition”.*)

**Business Developers**

Key men and women, oriented towards performance, growth, collaboration and excellence, as close as possible to their customers

- **A clear, strategic mission:** Generate growth by identifying new business opportunities through the implementation of an expanded, transverse collaborative operation
- **An ambitious goal:** Determine the company’s future strategic directions and commercial policy to ensure the organization’s growth by conquering new markets
- **Three main areas of responsibility**



- **A multidisciplinary function**
  - Strategic watch and the search for new types of products or services that the Group could produce as well as the promotion of the existing offer likely to create bridges between the current and future activity of the Group
  - Acquisition of new customers by setting up innovative marketing strategies able to target the needs of these future customers
  - Customer activation and retention
  - Sales stimulation and penetration of new markets in which the Group is not yet present
  - Leading project teams and external partnerships
- **A multiple, wide-ranging scope of activities**
  - Sales
  - Marketing
  - Strategic Initiatives and partnerships
  - Project management and planning
  - Product management
  - Commercial relations management

- Negotiations, network building and lobbying
- Cost control

Optimize collaboration and collective intelligence to create value	Organize collaboration
<p>To create the conditions for fruitful collaboration, it is essential that</p> <ul style="list-style-type: none"> <li>• everyone has the desire, interest and motivation to collaborate, to work together to achieve common and/or interdependent objectives</li> <li>• everyone understands the responsibilities, issues, challenges and constraints of others</li> </ul> <p>Collective intelligence is not an objective, an end in itself.</p> <p>It is a means, a possible response to multiple challenges:</p> <ul style="list-style-type: none"> <li>• the resolution of complex problems that require the participation of the parties concerned, or even external parties, in the reflection process</li> <li>• increasing the level of commitment of employees through an involvement that feeds into the meaning they give to their action, and hence that of their well-being</li> <li>• increasing the sense of belonging and thus strengthening organizational identity</li> <li>• developing more equal management methods, themselves at the service of other objectives</li> <li>• the creation of value, innovation, likely to emerge in the meeting of various points of view and ideas</li> <li>• developing a culture of transformation, otherwise referred to as the “agile enterprise” concept</li> <li>• change implementation</li> <li>• anticipatory and predictive capacity building</li> <li>• increasing efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Function in “project mode” (vs silos)</li> <li>• Facilitate the exchange of information                             <ul style="list-style-type: none"> <li>– Shared prospect and customer databases</li> <li>– Key Accounts management system</li> <li>– Quarterly review of the main prospects</li> <li>– Simplified and widely distributed reporting</li> </ul> </li> <li>• Increase the level of internal and external communication                             <ul style="list-style-type: none"> <li>– Efficient communication and sharing tools (website, brochures, PowerPoint presentations, etc.)</li> <li>– Customer satisfaction surveys</li> </ul> </li> <li>• Encourage regular meetings                             <ul style="list-style-type: none"> <li>– Weekly Sales &amp; Marketing meetings</li> <li>– Quarterly Sales &amp; Business Development meetings</li> </ul> </li> <li>• Foster dialogue and the exchange of ideas</li> <li>• Frequent gatherings (team building, seminars, etc.)</li> <li>• Analyse the results                             <ul style="list-style-type: none"> <li>– Analyse Key Customers’ sales and profitability</li> <li>– Analyse production capacities region by region</li> </ul> </li> <li>• Share best practices and effective solutions</li> <li>• Share commercial models, UPS(S) and technologies</li> <li>• Rethink the compensation system (incentive) to encourage collaboration (common objectives and shared team and company results)</li> </ul>

*A centralized Business Development function in a dedicated PU relayed to all levels of the organization*

<p style="text-align: center;"><b>Business development: a plural and transversal function</b></p> <p><b>Development of the Group’s business strategy</b></p> <ul style="list-style-type: none"> <li>• Help to define the vision and write the mission statement</li> <li>• Contribute to Altrad’s rebranding</li> <li>• Co-produce the global and regional strategic plan in collaboration with the BD managers of the subsidiaries and regions</li> <li>• Facilitate the gathering of information (design and implementation of “big data” and “smart data” tools, coordination of the development of the website and other marketing and communication supports)</li> </ul>
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- Analyse options and generate development assumptions
- Facilitate debate on strategy

**Translation of the strategy**

- Define and prioritize strategic projects
- Translate the strategy in terms of operational consequences, particularly in terms of broadening/adapting/improving the offer of services, solutions and products
- Distribute commercial territories and lead conflict resolution actions (ABC)
- Coordinate the Group's policy of excellence (Centres of Excellence, initiation of the WCES programme)

**Implementation of the strategy**

- Lead defined strategic projects
- Oversee programme implementation and deployment
- Actively participate in business development: monitor key account management customers, order book, funnel and prospect portfolio development
- Coordinate offers on major projects in territories not covered by subsidiaries (subsidiary jurisdiction)
- Promote the implementation of cross-selling: sale of products and/or services developed by each entity throughout the network
- Responsible for the red zone procedure and its compliance on large projects and risky contracts
- Monitor the achievement of objectives and define possible corrective measures to be taken

**Anchoring the strategy**

- Establish a self-learning mechanism based on experience and feedback from clients
- Transmit learning to management
- Facilitate a coaching programme to disseminate good practices within the Group and increase the level of competence of directors
- Feed back into the strategy cycle
- In charge of monitoring the use of the different tools in the regions

The Altrad 2020 transformation strategy reinvents the Group's long-term vision, increases proximity, customer satisfaction and attentiveness, and engages in an active and fruitful partnership with multiple third parties closely associated with the Group's development.

It relies on a Business Development function with a multifaceted mission and located at the heart of the Group's commercial strategy.

Such an approach is based on the principle – apparently simple and obvious – of placing customer satisfaction at the heart of the strategy, the ultimate measure and guarantee of the *raison d'être* of the organization.

Considering a strategy of success in this area is somewhat paradoxical: it is not by actively seeking success for its own sake that success will come. It is rather by seeking ways to have the most significant impact on the lives of its customers that a company will achieve the commercial and financial success it aspires to.

It is generally accepted that the two levers to stimulate demand (i.e. to create and develop markets) are based on innovation and marketing, with a commitment to controlling costs, promoting excellence and respecting the global ecology of the company and its environment.

### Business Development strategy

WINNING CRITERIA	VALUES & PRINCIPLES	MAIN DRIVERS & FOCUS	ORGANIZATION
<p><b>Sales &amp; Marketing excellence</b></p> <ul style="list-style-type: none"> <li>• Build value of the brand and worldwide reputation</li> <li>• Construct and maintain high quality relationships with clients</li> <li>• Become customer's preferred supplier</li> </ul> <p><b>Operational excellence</b></p> <p>Continuously improve quality and efficiency to deliver the right service/product at the right time and at the right cost and price choice</p> <p><b>Innovation Excellence</b></p> <p>Develop good products, services and processes that anticipate and respond to clients' needs</p>	<p><b>Humanistic approach to conducting business and managing people</b></p> <ul style="list-style-type: none"> <li>• Conviviality</li> <li>• Courage</li> <li>• Excellence</li> <li>• Humility</li> <li>• Multiculturalism</li> <li>• Respect</li> <li>• Solidarity</li> </ul> <p><b>Nurturing a performing and collaborative environment</b></p> <ul style="list-style-type: none"> <li>• Act with integrity, trust and accountability</li> <li>• Energize and empower the teams</li> <li>• Promote collaboration</li> <li>• Be agile and embrace change</li> <li>• Focus on people and value creation</li> <li>• Deliver results</li> </ul>	<p><b>Subsidiary Directors and Regional Directors</b></p> <p>Make Altrad products and services desirable, easy to access and recommend</p> <p><b>Quality</b></p> <ul style="list-style-type: none"> <li>• Deliver industry best products, processes and services</li> <li>• Ensure safe products and robust services ("zero" risk)</li> </ul> <p><b>High-value segments</b></p> <p>Seize opportunities and compete where Altrad captures the full value of its brand</p> <p><b>Mastering complexity</b></p> <p>Manage the necessary and eliminate the unnecessary</p>	<p><b>Central BD coordination</b></p> <ul style="list-style-type: none"> <li>• Provide market intelligence, identify opportunities and risk traps, build on relationships, service key clients and manage key accounts</li> <li>• Ensure connection between BD &amp; Operations, encourage cross-selling opportunities, limit internal competition, share and spread best practices</li> <li>• Support decentralized strategy, growth and delivery using proper judgement</li> </ul> <p><b>Matrix and PU based organization</b></p> <ul style="list-style-type: none"> <li>• Minimal layers of management</li> <li>• Cross-functional, country and regional collaboration</li> <li>• Autonomy</li> </ul> <p><b>Regional BD implantation and implementation</b></p> <ul style="list-style-type: none"> <li>• Use of local resources for execution</li> <li>• Raise awareness and engagement of all in BD</li> </ul>
<p><b>FREEING CONSTRUCTIVE AND SUCCESSFUL ENERGIES</b></p>	<p><b>BUILDING A STRONG, INTEGRATED AND MULTICULTURAL CULTURE</b></p>	<p><b>PLACING THE CLIENT AT THE HEART OF THE STRATEGY</b></p>	<p><b>UNIFYING A DIVERSE GROUP WHILE PRESERVING ITS NIMBLENESS</b></p>

→ **Develop an ambidextrous approach to innovation.** To be sustainable, a company must be ambidextrous: efficient in the short term and innovative in the long term.

In other words, the aim is to jointly promote and develop the capabilities and skills of exploration and exploitation.

→ **Create the conditions for genuine collaboration.** Genuine and effective collaboration presupposes sharing a commonality of interest and an understanding of each other's business lines, functions, roles, constraints and stakes.

The objective here is to mobilize stakeholders to work towards creating synergies and cross-cutting functions, working in collaboration to:

- transcend any conflicts that may arise between seemingly irreconcilable short-term and long-term objectives
- overcome the financial constraints that force the company to choose between 1. product orientation based on a search for innovation that is potentially disconnected from the market and 2. market orientation that carries a risk of reducing the capacity for exploratory innovation

Internally, the aim is to favour:

- the reduction of the silo mode of operation
- collaboration between different functions of the company to promote an optimized combination of technological and business skills

Externally, (relations with customers and competitors), it is a matter of:

- promoting a cooperative approach, where appropriate
- developing open innovation strategies in order to overcome financial constraints, create “winning” synergies, increase the relevance of the company’s/industry’s response to market needs (in particular in a context of the shortened life cycle of products and services that requires increased innovation).

*An integrated business development function:*

- present at central level: a central, dedicated Business Development PU
- present at regional level
- present at subsidiary level (sales force)

An organization chart redesigned graphically to illustrate the Group’s agility and matrix structure and to reflect the integration of the business development function at all levels of the organization

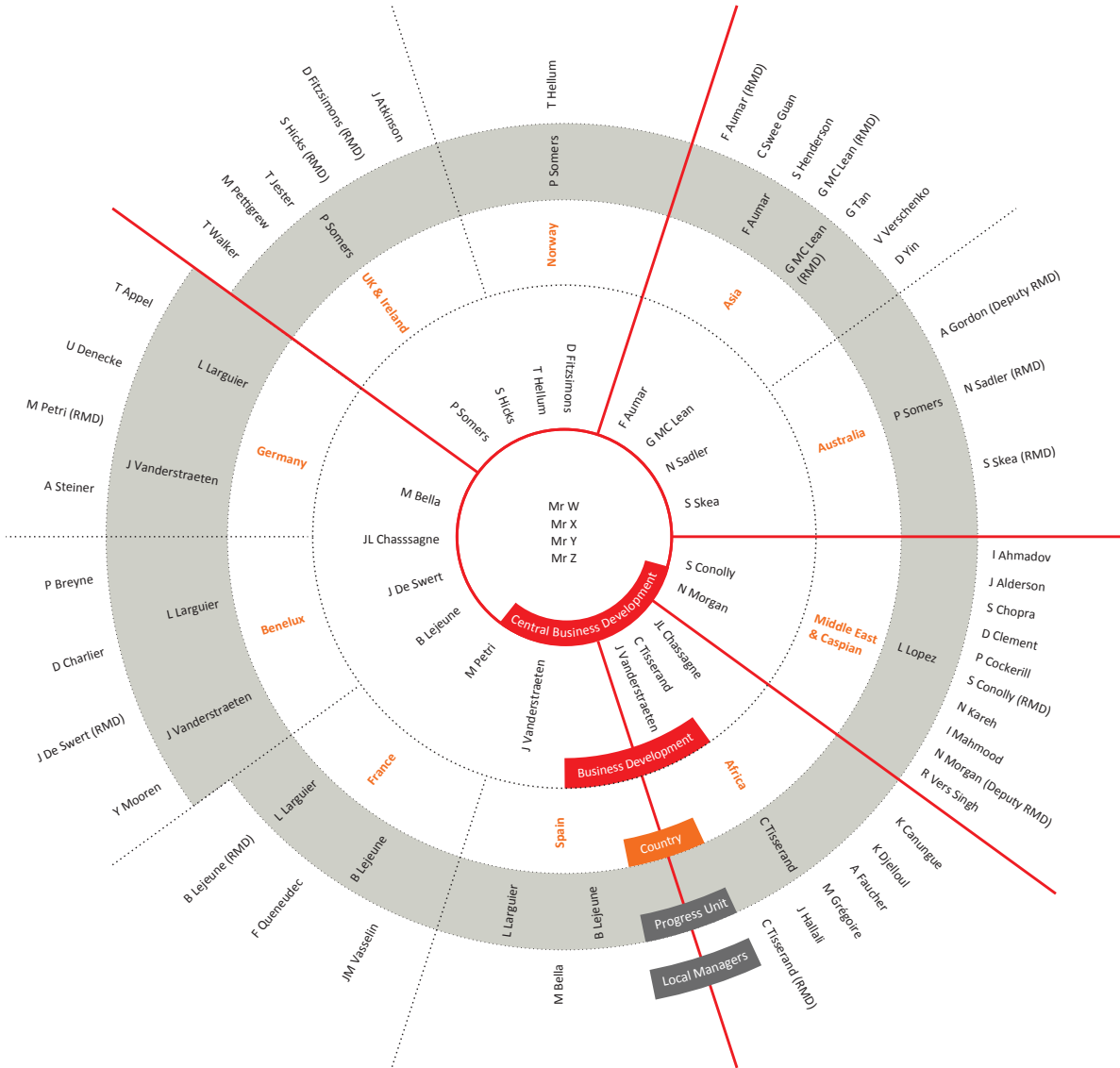
Thinking through, designing, implementing and deploying a strategic business development approach also requires that the organization

- acts as a business developer, i.e. validates the adaptation of its culture and skills to the new requirements referred to above
- acquires and develops the necessary talent and sets up a dedicated business development function
- rethinks its organization and operating methods – if necessary – in order to support previous choices and to place at the heart of its concerns (if this is not already the case) on the one hand, the current and future satisfaction of its customers and on the other hand, the active and continuous search for new development opportunities.

**Let’s work together to make Altrad 2020 a success.**



**Project: Altrad Services**







# STRUCTURING AND IMPLEMENTATION OF THE BUSINESS DEVELOPMENT FUNCTION WITHIN ALTRAD GROUP

Altrad is implementing a strategy to transform the Group by 2020: Altrad 2020.

This strategy is based in particular on the formalization of the Business Development activity, which is understood – in the broadest sense – as a function serving the deployment of the Group’s strategy.

It has two main objectives:

- Ensure the company’s survival and create the conditions for profitable and sustainable growth
  - by the gain in competitiveness
  - by controlling costs
  - by proposing an offer adapted to the requirements and needs of customers
- Create value for all the company’s stakeholders, while respecting the Group’s values, safety, ethics and the environment

In concrete terms, it is a matter of working together to:

- create the conditions for the commitment and scaling up of the level of professionalism and skills of all employees, in the service of the company’s development, through the satisfaction of our customers
- set up an innovative BD function, both centralized and in close collaboration with all the Group’s structures, in order to limit the loss of talent, skills and opportunities
- establish new places for exchange, coordination and decision-making, as well as new routines and methods of exchange and communication to ensure effective, engaging and efficient collaboration.

This document proposes to explore some initial milestones or elements of what could be:

1. A description of the Business Development function from a more operational point of view, and as it relates to other functions within the Group.
2. A proposal to optimize the Group’s matrix structure in order to ensure Altrad’s growth and minimize the loss of opportunities and information through:

- fluid and structured communication at all levels and between all levels
- the systematization of sharing and feedback for continuous improvement (self-learning enterprise)
- network management by the Progress Unit in charge of development (in the broad sense)
- deployment of the Altrad 2020 strategy within each of the Group's constituent structures

## DESCRIPTION OF THE BUSINESS DEVELOPMENT FUNCTION

The implementation of the Altrad 2020 Programme and the Group's demanding growth objective require the development of a "Business Developer mindset" across the entire organisation, conducive to the creation, piloting and invention of value today and tomorrow.

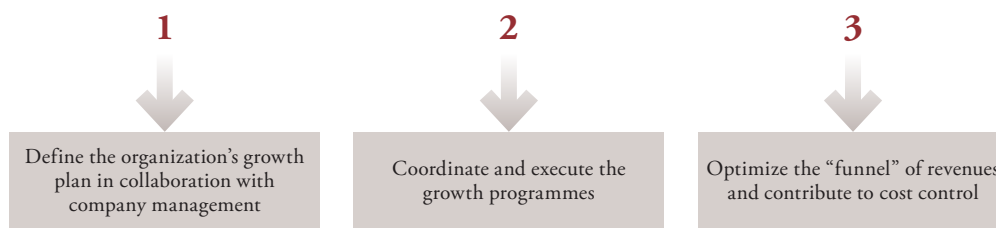
Nevertheless, responsibility and accountability are assigned, in a differentiated way, to certain functions (Business Developers) and to certain clearly identified organizational layers: Central BD, PU Directors and Regional Managing Directors.

### From a Sales to a Business Developer function

Formerly known as "commercial" or "sales" personnel, Altrad's Business Developers are seeing their fields of competence and responsibility modified and enhanced.

As key men and women, oriented towards performance, growth, collaboration and excellence, as close as possible to their customers, their function is understood as follows:

- **A clear and strategic mission**  
Generate growth by identifying new business opportunities through the implementation of a broader, transversal collaborative operation
- **An ambitious objective**  
Help to determine the company's future strategic orientations and commercial policy in order to ensure the organization's growth by conquering new markets
- **Three main areas of responsibility**



### Structuring the Group around Business Development

Although centralized in a dedicated Progress Unit (Central BD PU), Business Development radiates to all levels of the organization.

Plural and transversal by nature, this function is structured around several strategic missions or roles as described in the table below:

### **Business Development: a plural and transversal function**

#### **Development of the Group's business strategy**

- Participates in defining the vision and writing the mission statement
- Contributes to Altrad's re-branding
- Co-produces the global and regional strategic plan in collaboration with the BD managers of the subsidiaries and regions
- Facilitates the collection of information (design and implementation of "big data" and "smart data" tools, coordination of the evolution of the website and other marketing and communication materials)
- Analyses options and generates development hypotheses
- Facilitates the debate on strategy

#### **Translation of the strategy**

- Defines and prioritizes strategic projects
- Translates the strategy into operational consequences, particularly in terms of broadening/adapting/improving the offer of services, solutions and products
- Allocates commercial territories and leads conflict resolution actions (ABC)
- Coordinates the Group's policy of excellence (centres of excellence, initiation of the WCES programme)

#### **Execution of the strategy**

- Leads the defined strategic projects
- Supervises the implementation and deployment of the programme
- Actively participates in business development: monitors key account management customers, backlog, funnel and prospect portfolio
- Coordinates offers on major projects in territories not covered by subsidiaries (subsidiary competence)
- Promotes the implementation of cross-selling: sale of products and/or services developed by each entity throughout the network
- Is responsible for the red zone procedure and its respect on major projects and risky contracts (LOP)
- Monitors the achievement of objectives and defines possible corrective measures to be taken

#### **Anchoring the strategy**

- Establishes a self-learning mechanism based on experience and feedback from clients
- Transmits learning to management
- Leads a coaching programme to disseminate best practices within the Group and increase the level of competence of directors
- Re-feeds the strategy cycle
- Is in charge of monitoring the use of the various tools in the regions

Business Development can be understood in its triple dimension:

- a role in the invention and growth of long-term value
- a governance and value management role in the medium term
- a role in creating value in the short term

The table below shows the distribution of responsibilities (both in terms of responsibility AND accountability):

Win it	Govern it	Do it
Central BD Director	PU Director	Regional Managing Director
Grow value	Govern value	Deliver value
<p><b>Growth</b></p> <ul style="list-style-type: none"> <li>• New market opportunities</li> <li>• New services opportunities</li> <li>• New region opportunities</li> <li>• New market acquisition strategy</li> <li>• CoE</li> <li>– Target identification/win</li> <li>– Tender phase</li> <li>• Global client management</li> <li>• CRM</li> </ul> <p><b>Business improvement</b></p> <ul style="list-style-type: none"> <li>• Research &amp; Development</li> <li>• Best practice (procedures &amp; standards)</li> <li>• Innovation development</li> </ul> <p><b>Communication and marketing</b></p> <ul style="list-style-type: none"> <li>• Brand</li> <li>• Events</li> <li>• Communications</li> </ul> <p><b>Talent development programme</b> (across regions)</p>	<p><b>Budget-governance</b></p> <ul style="list-style-type: none"> <li>• Financial governance</li> </ul> <p><b>Budget</b></p> <ul style="list-style-type: none"> <li>– EBITDA</li> <li>– SG&amp;A</li> <li>– FCF</li> </ul> <ul style="list-style-type: none"> <li>• Capex</li> </ul> <p><b>Inter-regional asset Management</b></p> <p><b>Red zone approvals</b></p> <ul style="list-style-type: none"> <li>• CSR governance</li> <li>• Asset management</li> </ul> <p><b>H/O conduit</b></p> <ul style="list-style-type: none"> <li>• Risk management</li> <li>• HSEQ performance</li> <li>• Vision</li> <li>• Group strategic alignment</li> </ul> <p><b>IT Management</b></p> <ul style="list-style-type: none"> <li>• Hardware</li> <li>• Software</li> </ul>	<p><b>Delivery</b></p> <ul style="list-style-type: none"> <li>• Budget-SG&amp;A, FCF &amp; EBITDA</li> <li>• Operational performance</li> <li>• Risk management</li> <li>• Compliance</li> <li>• Asset management</li> <li>• CoE</li> <li>– Tender phase</li> <li>– Execution phase</li> </ul> <p><b>Growth</b></p> <ul style="list-style-type: none"> <li>• Regional strategy</li> <li>– Organic</li> <li>– Acquisition</li> <li>• Regional business development</li> </ul> <p><b>Business improvement</b></p> <ul style="list-style-type: none"> <li>• CSR application</li> <li>• Learning and development</li> <li>• Operational excellence</li> <li>• Continuous improvement</li> </ul>

Communication and Marketing is for the Hub not Central BD.

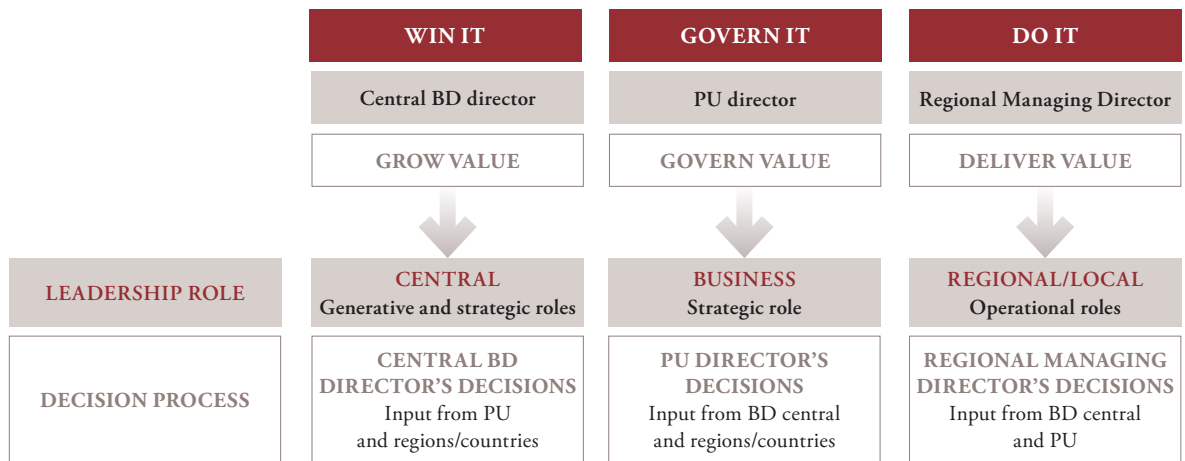
Central BD must Liaise with Hub for Communication and Marketing.

As a pilot – at both the macro and strategic level – of growth, the Central BD unleashes, coordinates and exploits the collective intelligence of the organization to create value for the Group at all levels, supported in its efforts by all BD participants.

As a pilot – at the macro level – of operational excellence, customer relations, quality of investments and the adjustment of the Group’s organizational structure, it coordinates efforts in each of these areas to optimize collaboration, using coherence, congruency, integration, performance and efficiency as compasses and the Group’s growth as a goal.

With the deployment of a business developer culture within the Group – likely at first sight to generate a form of confusion and increase the risks of a possible dilution of responsibilities – a precise definition of everyone’s roles and responsibilities (accountability) is essential.

The diagram below illustrates the shift of the cursor of responsibility and decision-making authority between the three main locations where the BD function is performed. It is a representation of the partnership between the different levels of responsibility across the Business Development continuum.



It is essential to distinguish between the notions of “having responsibility” and “being accountable”.

The first defines the field of competence, the territory of intervention; the second establishes ultimate responsibility, i.e. informs as to who will be accountable and assume the consequences of decisions.

If responsibility in the sense of the territory of intervention can be shared between different actors, responsibility in the sense of “accountability” cannot.

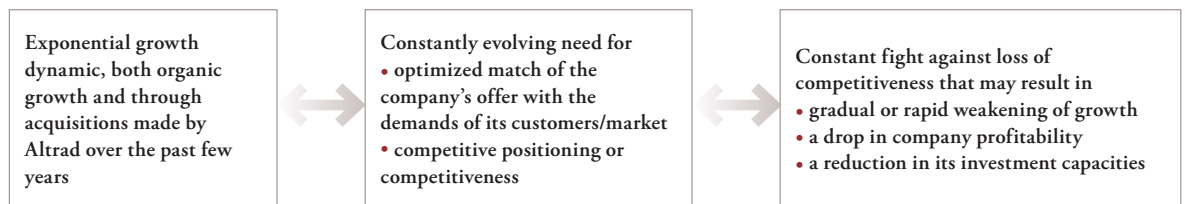
Fostering the adoption and deployment of a “business development” spirit implies that everyone feels a certain responsibility to contribute to the development of the company for which they work and thus of the Altrad Group’s development. In a way, it is a question of re-examining the entrepreneurial spirit dear to the Group in the light of development.

On the other hand, the ultimate responsibilities (accountability) are clearly identified according to the position of these same responsibilities within the Altrad matrix. They are more directly related to the decision-making power that accompanies them.

A careful, in-depth and pragmatic examination of the experience of deploying this new Group organization should ultimately make it possible to define the new contours of managerial functions, so as to provide clarity and readability to the system, while maintaining its versatility and flexibility.

For Altrad, the implementation of a BD strategy is a relevant response to the challenge of pursuing and consolidating the Group’s growth and competitiveness in a competitive, changing, volatile and unpredictable environment.

It is based on an agile, matrix organizational mode capable of taking full measure of the three dimensions below:



Exponential growth momentum both organically and through acquisitions made by the Altrad Group in recent years.

Ongoing need for:

- an optimized match between the company's offer and the demand of its customers/market
- competitive positioning or competitiveness

A permanent fight against the loss of competitiveness that could lead to:

- a gradual or rapid weakening of growth
- a decrease in the company's profitability
- a consequent reduction in its investment capacity

The idea of a BD continuum (meaning: everything, complete, full, a set), and therefore the corresponding responsibilities, is a way of approaching the issue of the loss of information, opportunities and efficiency, as well as the optimization and dissemination of best practices (innovation and talent mobility) within the Group.

For example, one of the challenges facing Altrad is that of a potentially unsatisfactory or even deficient operation, leading to disappointing operating results (expressed in terms of EBITDA, cash flow, etc.).

The matrix structure (see below) provides one relevant part of the solution. The continuum of responsibilities provides a second one, insofar as it allows an issue to be addressed at each relevant level, from the most central level (conceptual and strategic) to its most regional or local level (operational and executive).

Thanks to the creation of an unbroken line between the different levels, a system of operational excellence and continuous quality control, measured at different points in the Group, can therefore be put in place.

Undoubtedly, there is the question of measuring and evaluating the action of the central BD and its contribution to the Group's development.

While it is possible to apply the standard indicators used within the Group (EBITDA, Cash Flows, etc.) in their consolidated dimension (overall Group performance), we may need to define new indicators (metrics, KPIs and other qualitative indicators taking into consideration the matrix structure, such as cross-selling indicators) that are more relevant.

A period of observation and experimentation may be necessary before such indicators are defined and adopted.

In addition, the Group wishes to engage in an innovative, in-depth reflection on the notions of performance and success, on how to measure them, in order to pay tribute not only to strictly financial performance, but also to human, technological, technical performance, etc.

New indicators capable of taking the pulse of Altrad's overall health and reporting on its dynamism, growth (in every sense of the word), ambition and the talent of its employees must be devised and used.

The Altrad 2019 seminar could provide the appropriate forum for such innovative performance indicators to be discussed and eventually adopted.

To be truly effective, the BD must be integrated into the landscape of functions already present in the company and be based on the Group's matrix structure.

## OPTIMIZING THE GROUP’S MATRIX STRUCTURE: AGILE AND SELF-LEARNING ORGANIZATION

### An integrated Business Development function

- present at the central level: dedicated central Business Development UP
- present at the level of the Services and Equipment UP
- present at subsidiary level

*The Scaffolding/Supply chain, Purchasing, Structure Costs, WIP, Asset Management, IT PU can be integrated into the model.*

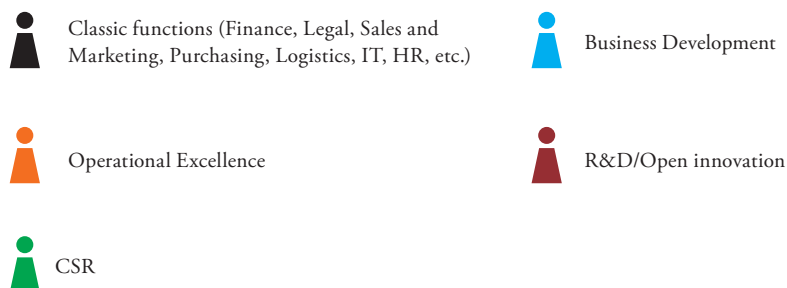
In order to optimize collaboration and minimize the loss of opportunities, experience and information, on the one hand, and to keep the Altrad 2020 project alive, it seems essential that, in addition to the classic functions, representations of the BD functions in the strict sense, CSR, Operational Excellence and R&D/Innovation are present at each level of the Group.



The diagram above models Altrad’s matrix organization and proposes a cross-functional collaboration organization between and within the different functions on the one hand, and between and within the different levels (local, regional, central) on the other hand. It also organises the presence at all levels of managers in charge (for all or part of their duties) of 4 of Altrad 2020’s 5 strategic levers, namely Business Development (which includes the Quality and Relevance of Investments lever), Operational Excellence, CSR and Open R&D/Innovation. The fifth lever, the Matrix Organization, is itself the framework for presenting the other 4 levers, as illustrated in the diagram.

It aims to illustrate the organizational mode that will allow the most fluid and organic interconnection possible between all the Group’s activities.

The simplified characters represent the functions that can, depending on the need and the hierarchical level in the organization to which they refer, be fulfilled by a part-time person, a full-time person or even a team.



Coloured frames represent the frequency of meetings (face-to-face or remote, depending on the most appropriate method of operation. However, it is advisable to allow regular physical meetings).



In order to make the table more readable, only a few examples of meetings are shown here.

In reality, it is a matter of reproducing the model in the “Classic Functions” column for each of the other functions (BD, CSR, Operational Excellence and R&D/Innovation, Managers).

In other words, this means that it could be implemented at a frequency rate that is

- **annual:** a meeting of all Group executives (annual seminar in December)
- **quarterly or half-yearly**
  - a meeting of the heads of each function – function by function – from the local to the central level. *Example: quarterly or half-yearly meeting of all Finance managers of the entire Group*
  - a meeting of the heads of all functions – level by level – for all levels. *Example: quarterly or semi-annual meeting of all managers of each function at the local level*
- **monthly**
  - a meeting of the heads of each function, from the local level (companies) to the PU Services and Equipment level
  - a meeting of the heads of each function, from the Services and Equipment PU level to the Central Comic PU level



- a meeting of leaders, from the local level to the PU Services and Equipment level
- a meeting of managers, from the Services and Equipment PU level to the Central BD PU level
- **regular** (to be determined according to needs, habits and cultures in place)  
usual cross-functional or functional meetings

Such interconnection must be facilitated first of all because it illustrates the de facto interdependence between the different parts of the organization, but also because it is the only one able to create a mesh that is fine enough to limit losses, whatever they may be (loss of information, experience and opportunities), but also flexible enough to preserve the organic (i.e. living), autonomous and collaborative nature characteristic of Altrad's original organization.

The content of these meetings – which could be inspired by the prevailing models in the Group – remains to be defined, probably as the process moves forward, once the needs for communication and information exchange have been better defined within the new organization.

The objective is to encourage vertical exchanges (bottom-up and top-down), but also transversal exchanges, taking advantage of the catalytic role of the BD function, not only at Central BD PU level, but at all other levels of the Group.

**Optimize collaboration and collective intelligence  
to create value**

To create the conditions for successful collaboration, it is essential that

- everyone has the desire, interest and motivation to collaborate, to work together to achieve common and/or interdependent objectives
- everyone understands the responsibilities, issues, challenges and constraints of others

Collective intelligence is not an objective, an end in itself.

It is a means, a possible response to multiple challenges:

- the resolution of complex problems that require the participation of the parties concerned, or even external parties, in the process of reflection
- increasing the level of commitment of employees through involvement that fosters the meaning they give to their action, and consequently that of their well-being
- increasing the level of belonging and thus strengthening organizational identity
- the development of more equal management methods, which in turn serve other objectives
- the creation of value, innovation, likely to emerge in the encounter of diverse points of view and ideas
- the development of a culture of transformation, otherwise referred to as an “agile enterprise”.
- change implementation
- the strengthening of anticipatory and predictive capacities
- increasing efficiency

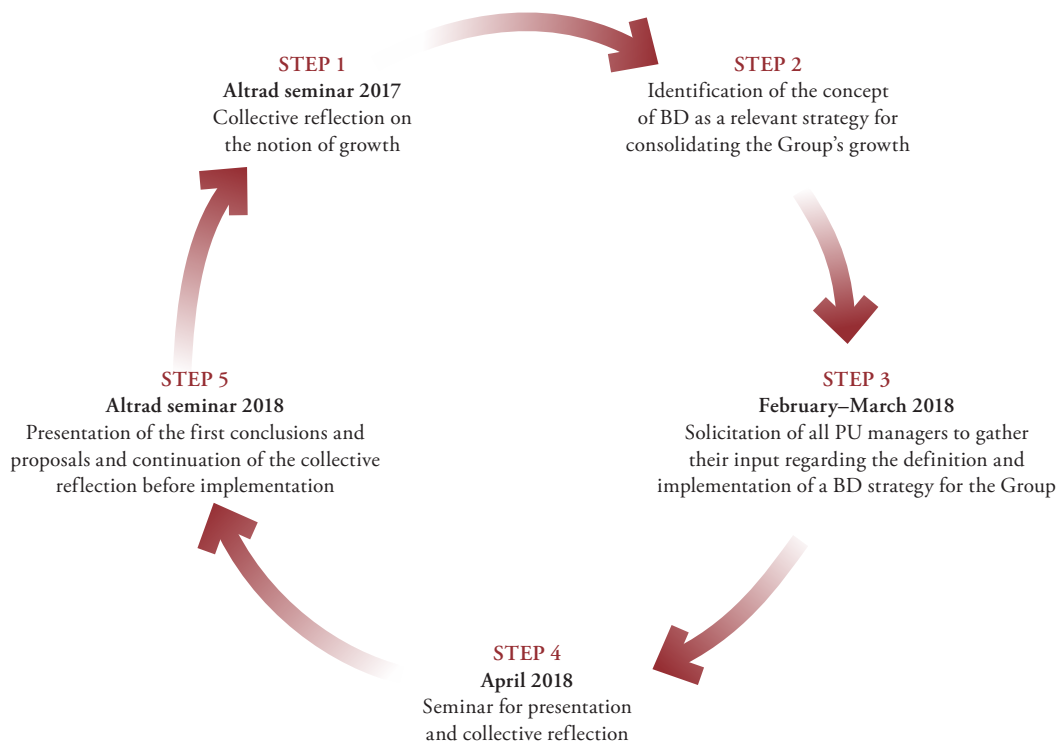
**Organize collaboration**

- Operate in “project mode” (vs silos)
- To facilitate the exchange of information
  - shared prospect and customer databases
  - key accounts management system
  - quarterly review of the main prospects
  - simplified and widely distributed reporting

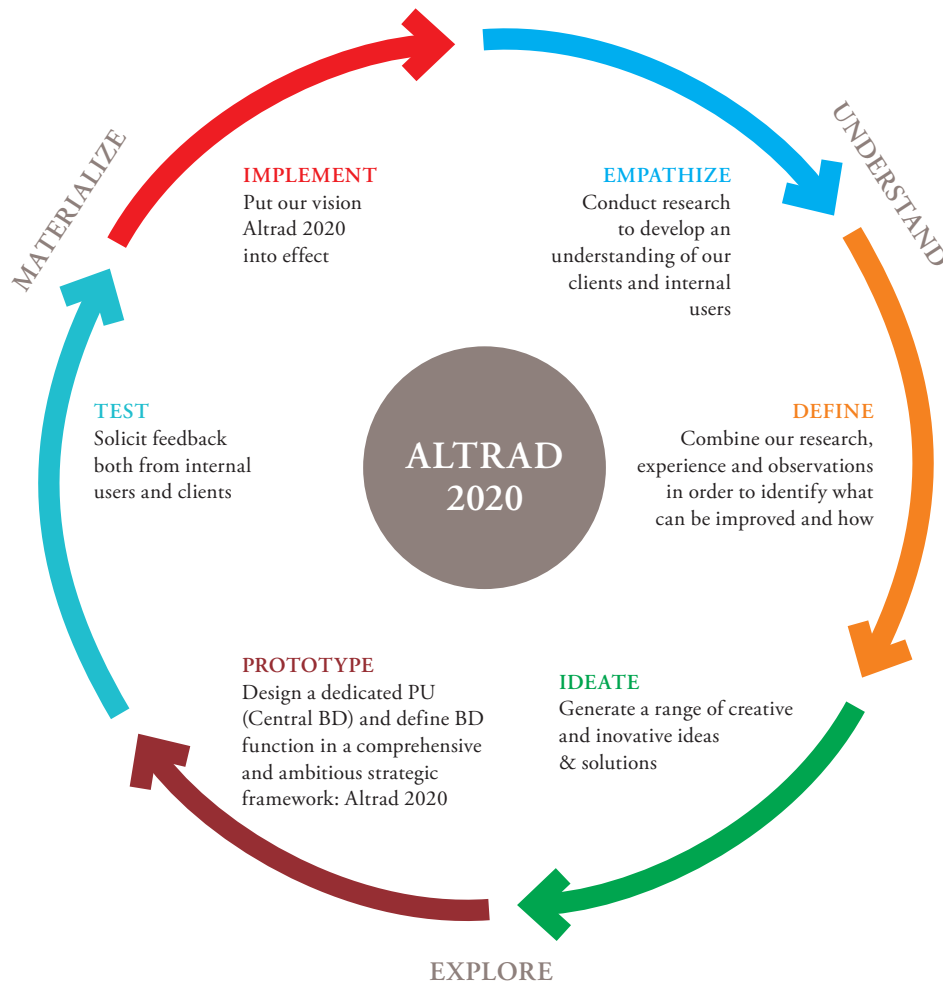
- Increase the level of internal and external communication
  - efficient communication and sharing tools (website, brochures, ppt presentations, etc.)
  - customer satisfaction surveys
- Favour regular meetings
  - weekly Sales & Marketing meetings
  - quarterly Sales & Business Development meetings
- Foster dialogue and the exchange of ideas: frequent meetings (team buildings, seminars, etc.)
- Analyse the results
  - analysis of key customers' sales and profitability
  - analysis of production capacities region by region
- Share best practices and effective solutions: sharing of business models, UPS(S) and technologies
- Rethink the compensation system (incentive) to encourage collaboration (common objectives and results of the team and the shared company)

## STEPS IN IMPLEMENTING THE BD FUNCTION WITHIN THE GROUP

Since the end of 2017, the Group has been engaged in a collaborative process to strategically define its unique and singular Business Development model, from a global, integrated and expanded perspective: Altrad 2020, embraces not only the notion of BD, but also those of operational excellence, CSR, and Research & Development and Open Innovation.



Once the definition of the BD and the distribution of roles and responsibilities have been validated, our objective will be to jointly define a structured plan for implementation, deployment and continuous adjustment, by pursuing the methodology of collective intelligence and iterative processes (according to a design thinking model, for example) initiated at the end of 2017.





# THE BIG GAME



## OPENING

*To the music of I am Sailing, Rod Stewart*

*All*

We are growing  
We are growing  
Develop further  
Quality  
Cooperating  
All together  
To build with you  
Proximity

We are working  
We are working  
A great team  
Our company  
We are partners  
We think bigger  
To create for you  
Novelty

Can you see me, can you see me  
Standing by you, fraternity  
Through the dark times, forever helping  
Having your back, not stopping

Can you see me, can you see me  
Standing by you, fraternity  
Through the dark times, forever helping  
Having your back, not stopping

We're believing  
We're believing  
In what is right  
Integrity  
We're believing  
In our values  
To honour with you  
Humanity

Oh friend, to write with you, our destiny  
Oh friend, to write with you, our destiny  
Oh friend, to write with you, our destiny  
Audacity



## SET I

# OPERATIONAL EXCELLENCE: CUSTOMER SATISFACTION AT THE HEART OF OUR CONCERNS

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

*We are what we repeatedly do.*

*Excellence, then, is not an act but a habit.*

ARISTOTLE

### **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, production and services, employees ...

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

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

An upward movement, an ambition to surpass yourself, it stems from a humanist philosophy in which individuals and groups are invited to develop their potential.

Excellence is awareness of your own limits without which you cannot surpass yourself – consciously and deliberately. It is the knowledge and recognition of all that you are yet to become. It is part of a continuous improvement process and involves celebrating each level 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 each moment of the life of the organization, it is what provides the maximum level of satisfaction of the players, taking into account their own capacities and the environment in which the company is evolving.

It is based on high standards and perseverance as well as collaboration and benevolence, encourages the expression of talents 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 calls for vitality (curiosity, creativity, resilience, capacity to innovate, passion), a resolutely growth-oriented state of mind (appetite for new challenges), clear objectives (sense of a personal mission that goes beyond the individual or the organization to satisfy a more global vision), leadership and the appropriate culture to allow this to propagate in the company.

A necessity in a competitive economic environment, excellence is also an opportunity for the progress and achievement of everyone.

The transformation undertaken by the Altrad Group will focus on creating a value chain centred on our customers, which differentiates us today and going forward.

### **Honouring operational excellence at all levels of the value chain**

An essential component of Altrad's corporate culture, operational excellence is the driving force behind our sustainable performance and the foundation of the trust placed in us by our partners.

Promoting operational excellence has to meet the triple requirement of reliability, safety and efficiency, for all our production and service activities as well as our commercial activities.

Reliability and safety are at the forefront of our customers' expectations and contribute directly to their own performance and reputation.

The Altrad Group is increasingly recognized internationally for its ability to carry out complex and large-scale industrial projects that require the highest level of safety.

## ACT I

### **The location**

The office of Jean Darbois, Production Manager of Fareep, a recent client of West HM Group.

### **The context**

West HM Group has acquired a small company that manufactures precision parts, which are integrated into industrial machines. This company, now known as West HM Steelo, is one of Fareep's recent suppliers.

### **The characters**

Jean Darbois (Production Manager of Fareep)

Fred Gibbs (CEO of Fareep)

Jacomo Finzi (Business Developer at West HM Steelo)

Lisbeth Singer (BD Manager at West HM Steelo)

Hans Moore (Director of Operational Excellence at West HM Group)

Lucy Saint-Charles (CEO of West HM Group)

### **The companies present**

- **Fareep**  
Recent client of West HM Steelo, subsidiary of West HM Group  
Fareep manufactures high-precision parts for civil and military industries
- **West HM Steelo**  
Subsidiary of West HM Group  
Manufacturer of precision parts used in industrial machinery
- **West HM Group**  
World's leading company in services to industry

## SCENE 1

*Jean Darbois and Jacomo Finzi in Darbois' office, at Fareep headquarters.*

*Darbois is on his feet, furious.*

*Finzi sits in a chair, head down, searching for arguments.*

**JEAN DARBOIS.** – Jacomo, this is unacceptable! Of the parts you've delivered to us, we've identified 15% defective. It's just ... unacceptable! Do you realize the situation you've put us in?!

*[Silence]*

**JACOMO FINZI.** – I understand, Jean. I'm sorry.

**JEAN DARBOIS.** – You're sorry? A fat lot of good that'll do. And how do I deliver my machines now? I've had my biggest client on my back for 48 hours. What am I supposed to tell him?

**JACOMO FINZI.** – Everyone is working flat out. We've modified the production line at one of our factories to be able to deliver parts to replace the defective ones within two weeks.

**JEAN DARBOIS.** – Two weeks?! Why not a month, while you're at it?! I don't think you realize the extent of the problem, Jacomo. We can't wait two weeks!

*[Silence]*

**JACOMO FINZI.** – Okay. Let me call my business development manager. Can you give me a minute?

**JEAN DARBOIS.** – Go ahead.

**JACOMO FINZI.** – *[Finzi dials a number on his cell]* Lisbeth? Hi, Jacomo speaking.

*[Pause]*

Fine, more or less ... I'm with Jean Darbois, at Fareep's headquarters.

Mr Darbois tells me he can't wait. Two weeks is too long.

*[Pause]*

Yes, yes, I explained all that to him. But his client needs urgent delivery. If we deliver in two weeks, the impact on their own delivery will be very damaging.

*[Pause]*

Okay, I'll tell him you'll call straight away.

*[Pause]*

Okay. Thanks Lisbeth

*[He hangs up.]*

*He turns to Dubois.]*

Lisbeth Singer will call you straight away.

**JEAN DARBOIS.** – Perfect!

*[Darbois's phone rings. He answers.]*

**DARBOIS.** – *[Pause]* Hello Lisbeth.

*[Pause]*

No good. I can't wait two weeks. I need delivery by the end of this week.

*[Pause]*

Sorry, Lisbeth, but to be perfectly frank, I don't care whether you've already done the impossible. I'm furious! 15% defective parts! This is crazy! What the hell happened? We're used to better standards from you.

*[Pause]*

I know what it's like. We've also had quality control affected by an internal strike ... But that doesn't solve my problem! I need you to find me a solution.

*[Pause]*

Just a minute! I'm putting you on speaker so Jacomo can hear you.

**LISBETH.** – *[voice over]* Can you hear me?

*[Finzi and Darbois say "yes" at the same time.]*

**LISBETH.** – *[voice over]* Jacomo, as I just told Jean, we're committed to finding a satisfactory solution today. We aim to deliver the replacement parts within 10 days. I'll be waiting for you in my office when you get back.

Jean, I'm calling our plant manager right now. I'll call you tonight. Okay with you?

*[Darbois agrees.]*

**JEAN DARBOIS.** – Okay. I'll wait to hear from you. Seven p.m. at the latest, agreed?

**LISBETH.** – *[voice over]* Agreed. Speak to you later, Jean.

*Fade out.*

## SCENE 2

*Jacomo Finzi, on his way to West HM Steel headquarters.  
To the sound of I Can't Get No Satisfaction, The Rolling Stones*

**JACOMO FINZI.** – I can't get no satisfaction, I can't get no satisfaction  
'Cause I try and I try and I try and I try  
I can't get no, I can't get no

When I'm workin' at my job, and the man comes in my bureau  
He's tellin' me more and more about some plain value creation  
Supposed to fire my imagination

I can't get no, oh, no, no, no, hey, hey, hey  
That's what I say  
I want client satisfaction, I need client satisfaction  
'Cause I try and I try and I try and I try  
I can't get no, I can't get no

When I'm working hard, you see, and a man comes on and tells me  
How client service should be  
But, the companion on the value chain's broke  
I tell him leave me be

I can't get no, oh, no, no, no, hey, hey, hey  
That's what I say  
I got client satisfaction, I have client satisfaction  
'Cause I tried and I tried and I tried and I tried  
Now I got no, No more woe-oe

When the client's at the core  
And we're doing this and teamin' up on that  
And we're joinin' forces on some project, and we  
Succeed, better come repeat it next week  
Can't you see we're on a winning streak

I can't get no, oh, no, no, no, hey, hey, hey  
That's what I say, Now I got no, No more woe-oe  
I got client satisfaction, I have client satisfaction  
Satisfaction, satisfaction

*Fade out.*

### SCENE 3

*At West HM Steelo headquarters, in the office of Lisbeth Singer, BD Manager.  
Present are Lisbeth Singer, Jacomo Finzi and Pierre Hubert, plant manager.*

**LISBETH SINGER.** – The impact of the last strike on quality control was dramatic. Pierre, where exactly are we at?

**PIERRE HUBERT.** – Work has resumed on all production lines since last night. The union leader who called his colleagues to strike and who himself did not follow up on quality control was laid off with immediate effect.

**JACOMO FINZI.** – Laid off?! That's a bit harsh, isn't it?

**PIERRE HUBERT.** – No. If the employee had had privileged status, he'd have been fired.

The absence of quality control can have dramatic consequences, not only on the quality of our products, but also on safety within the plant. The risks of fire or accident are real. There is no question of playing with the safety of workers and foremen. In fact, I think everyone got the message. Even though he was laid off, the employees went back to work. Everyone is aware that you don't play around with safety.

**LISBETH SINGER.** – Pierre, do you think we can deliver to Fareep in 10 days?

**PIERRE HUBERT.** – Lisbeth Singer. – It's gonna be tight! One of our production lines has been modified to give priority to Fareep's order. My guys are doing their utmost. It took the talent of our engineers to turn things around so quickly.

With the return to work, I think it's realistic. But we can't have any more setbacks.

I second that. If we don't get it right with Fareep, I don't reckon much for our next contract. The amounts at stake are considerable. Fareep represents nearly 10% of our annual turnover.

And you know how much Lucy Saint-Charles appreciates Fred Gibbs, Fareep's boss. He was there with her when West and H.M. got together. There's no question of messing up the deal.

Jacomo, what's the atmosphere like at Fareep?

**JACOMO FINZI.** – Frankly, it was tense! I can't tell you how angry Jean Darbois was. I got a real dressing down!

**PIERRE HUBERT.** – Ah the joys of salesmen! You don't always get to pop the champagne ...

**JACOMO FINZI.** – Business Developers, please, not sales people. And frankly, Pierre, I'd like to see you out there. We're in the field, in direct contact with customers. And when there's a problem, we're the ones who get the stick.

**PIERRE HUBERT.** – I know, Jacomo. Sorry about the joke.

**LISBETH SINGER.** – It's important for everyone to understand that this is a team effort. Without the backing of the support teams, we, the business developers, can do nothing. And without the contracts we sign, the company sinks.

**PIERRE HUBERT.** – I know, Lisbeth, I know. But it hasn't been a bed of roses for us either. Our production capacity is what it is. And we also have to take social reality into account.

**LISBETH SINGER.** – The day after tomorrow, I'm taking part in a workshop on operational excellence organized by the holding company. Couldn't have come at a better time! Pierre, can you guarantee that 10-day deadline? Can I commit to Darbois?

**PIERRE HUBERT.** – You can.

**JACOMO FINZI.** – I think Darbois is expecting a commercial gesture from us. Can we talk about this, Lisbeth?

**LISBETH SINGER.** – Okay. We'll do that now. I'll call Jean Darbois right after I confirm with management. Thank you, Pierre. See you soon.

*[Pierre Hubert gets up, nods goodbye to Lisbeth and Jacomo, then leaves.]*

**LISBETH SINGER.** – A commercial gesture ... Let's be creative! It's super important that we maintain Fareep's trust. Jacomo, any ideas?

*Fade out.*



## SCENE 4

*Headquarters of the West HM Group Holding.*

*There are several participants attending the operational excellence think tank, including:*

- *Lucy Saint-Charles, CEO of West HM Group*
- *Hans Moore, Director of Operational Excellence at West HM Group*
- *Lisbeth Singer, BD Manager at West HM Steelo*
- *Jacomo Finzi, business developer at West HM Steelo*
- *Fred Gibbs, CEO of Fareep*

**LUCY SAINT-CHARLES.** – I hear your remarks and your questions, Lisbeth. But I repeat: operational excellence is not just a concept. It's not only a goal for West HM but also ... how can I put it, a mainstay of our culture. It's the prism through which we must view all our activity. It determines our performance and the quality of our service.

Fred, what do you think?

**FRED GIBBS.** – Frankly, I can only agree with you, Lucy. Fareep also stresses excellence.

I'm interested by the fact that you recently created a position of Head of Operational Excellence.

Clearly, this sends a strong message ... even if we've had some difficulties recently with your Steelo subsidiary.

**LUCY SAINT-CHARLES.** – I'm perfectly aware of that, Fred. Lisbeth has kept me very regularly informed. Are you satisfied with the way we handled the situation?

**FRED GIBBS.** – "*Shit happens*" as they say. Everyone has to cope with unexpected events. What I particularly liked, I must say, was that Steelo's business development team did its utmost to restore trust and provide an acceptable solution in terms of deadlines and compensation for delays.

**HANS MOORE.** – Coming back to what you said, Fred, trust is a key word. It's central. Without it, there can be no customer satisfaction. Hence the importance of operational excellence, which serves trust, and therefore the quality of the relationship we maintain with our customers.

**LUCY SAINT-CHARLES.** – Our goal today is to identify a number of areas of work in order to engage all our teams in a process of excellence. Hans, anything to add?

**HANS MOORE.** – Until now, my job title was Quality Manager. We decided to change this and replace it with Director of Operational Excellence. Why this decision? Because it has become clear in recent years that excellence must pervade every fibre of the organization. It must be an integral part of our corporate culture.

The notion of quality is often reserved, in a somewhat ... narrow way, to the quality of the services and products we offer to our customers. We want to go further.

Operational excellence is a driving force behind our sustainable performance. It meets a triple demand: reliability, safety and efficiency. All our production, service and support activities are concerned.

Operational excellence helps strengthen our professional credibility, and therefore the credibility of the Group's brand.

What I suggest is we identify a few areas of work that will enable us to strengthen our operational excellence, based on our clients' expectations. The other round table meetings held today are doing the same. We'll share our findings at the end of the day.

**LUCY SAINT-CHARLES.** – That's why we wanted to involve some of our clients in the process. Thank you, Fred for agreeing to join us for this day of reflection.

Our customers' expectations and needs must be the starting point ... and their satisfaction is the endpoint.

**FRED GIBBS.** – Reliability is certainly one of our highest expectations, even before competitiveness.

*[Hans Moore gets up and writes "reliability" and "competitiveness" on a flip chart.]*

We seek partners who understand our issues, our constraints, our needs and who work with us to achieve our own objectives.

**LISBETH SINGER.** – "Reliability" refers to almost all of our customers. Many also talk about quality, safety and fair business conditions. Competitive prices, adapted contractual clauses.

*[Hans Moore continues to write on the flip chart: "quality, safety, fair business conditions, competitive prices, adapted contractual clauses."]*

**LUCY SAINT-CHARLES.** – Our business is becoming increasingly complex. The acquisitions we've made in recent years expose West HM to large-scale, highly complex industrial projects that demand a high level of safety and increased technical expertise. This means that we really have to upgrade our competence. We have to train our teams again and again and look outside for the talent and know-how that we lack today.

*[Hans Moore writes up: "increased technicality, enhanced skills, training, acquisition of talent and know-how."]*

**JACOMO FINZI.** – Worried Skills development and talent acquisition? You want to replace the teams? Do I need to start worrying?

**LUCY SAINT-CHARLES.** – On the contrary! West HM wants to invest in the development and training of its men and women. Our business development teams are – by essence – at the very heart of the Group's development and in close contact with our customers.

What we want is to help them to be better interlocutors, better ambassadors for the brand, which also has to enhance its credibility and recognition.

[*Hans Moore writes: “investing in our teams, Group development, customer proximity, brand credibility and awareness.”*]

**LISBETH SINGER.** – What would really be useful is for business development to be better coordinated. It’s not always easy to know who within the Group has the lead on a customer. The holding company? The region? The branch? The business developer in charge of the file? It’s confusing. We need more clarity.

[*Hans Moore writes: “better coordination, client ownership lead?”*]

**LUCY SAINT-CHARLES.** – I agree, Lisbeth. We must work towards better coordination and a clearer division of responsibilities.

[*Hans Moore writes: “clearer division of responsibilities.”*]

**LISBETH SINGER.** – A month ago, I was talking to SAMIB’s boss. He’s looking for a single interlocutor with us, a person of trust, a stable point of contact with whom he can build a lasting, quality relationship. In recent years, we’ve increased the number of contact people. He gets lost!

[*Hans Moore note: “single trustworthy point of contact.”*]

He also asked that integrated solutions be put in place.

[*Hans Moore writes: “integrated solutions.”*]

**JACOMO FINZI.** – To be honest, our processes are not always simple. From the outside, it’s complicated and not very easy to understand!

[*Hans Moore writes: “understandable, simplified processes.”*]

**LISBETH SINGER.** – There is strong pressure on prices and payment conditions. Our competitors are aggressive.

**LUCY SAINT-CHARLES.** – It’s a real issue! We must be agile and flexible in our contractual terms ... but also firm.

[*Hans Moore writes: “fair and appropriate contractual conditions.”*]

**JACOMO FINZI.** – Honestly, I don’t think it’s our tariffs that are standing in the way. Our customers are willing to pay the right price, provided we follow through: that we deliver on time and that the quality is there.

[*Hans Moore underlines the word “reliability”, which was already written on the flip chart.*]

**FRED GIBBS.** – I think it's important that West HM focus on their areas of expertise ... that you continue to do what you do best.

**HANS MOORE.** – That we focus on our area of excellence in order to strengthen our leadership ...

[*Hans Moore writes: "focus area of excellence, strengthen leadership."*]

**LUCY SAINT-CHARLES.** – I recognize that our recent acquisitions have caused some disruption to the organization. We need to find our bearings. That takes a little time. Promoting growth that is ambitious, but reasoned and controlled ...

[*Hans Moore writes: "ambitious, reasoned and controlled growth."*]

**HANS MOORE.** – The key is to be able to ensure continuous and comparable quality service at every stage of the Group's development.

[*Hans Moore writes: "ongoing quality service."*]

**LUCY SAINT-CHARLES.** – We need to expand our portfolio of companies to be able to offer our clients all the services they need.

[*Hans Moore writes: "expand business portfolio."*]

**LISBETH SINGER.** – Which they need today and which they will need tomorrow. If we want to stay in the race, we have to be proactive and anticipate our customers' needs.

[*Hans Moore writes: "understanding and anticipating needs."*]

**JACOMO FINZI.** – This is where the business developers in the field are important!

**LISBETH SINGER.** – Absolutely! Our BD system must be a real network, so as not to miss any opportunities and to be as close as possible to customers.

[*Hans Moore writes: "commercial networking."*]

**LUCY SAINT-CHARLES.** – Thanks for bringing up networking, Lisbeth. That is exactly what we must succeed in doing. Create a kind of organizational net that allows us not only to listen to the market and seize the opportunities that come our way, but also to create an efficient network at the service of the Group's development ... I'll have an opportunity to tell you more about a project along these lines very shortly.

[*Hans Moore writes: "effective network."*]

**HANS MOORE.** – Speaking of projects, I'd like to float an idea: what do you think about setting up a programme of excellence at West HM? It would be a matter of putting together all the suggestions we've made today into a comprehensive programme that would promote operational excellence in all our activities.

**JACOMO FINZI.** – We already have centres of excellence. How would this differ?

**HANS MOORE.** – The programme would aim to coordinate the work of our centres of excellence and expand their scope of action.

**FRED GIBBS.** – Meaning?

**HANS MOORE.** – The goal is to achieve managerial, operational and industrial excellence. Our programme of excellence would cover all the areas of our activity: health and safety, environment and risk prevention, reliability of products and services, industrial performance, quality of operational processes, employee development, innovation, growth and development ...  
Have I forgotten anything?

*[He scans the flip chart on which he's written up a whole series of key words during the exchange.]*

**JACOMO FINZI.** – Is BD excellence part of it?

**HANS MOORE.** – Absolutely: this is understood in the quality of operational processes and in development. But we can make that more explicit.  
What do you think?

**FRED GIBBS.** – It's an ambitious programme! Have you given it a name?

**HANS MOORE.** – Not yet. I'd like to get ideas from everyone participating today. Any suggestions?

**LISBETH SINGER.** – The name should evoke excellence, of course, best practices ... Something like Best Standard Operations?

*[Hans Moore writes: "Best Standard Operations."]*

**JACOMO FINZI.** – We could tie it in with sport ... Top athletes are a strong source of inspiration. A lot of people like sports, too. Also, West HM's sponsorship of major sports clubs could be promoted.

**HANS MOORE.** – Any idea for a name, Jacomo?

**JACOMO FINZI.** – We are the champions!

[*Hans Moore writes: "We are the champions."  
Laughter.*]

**HANS MOORE.** – Excellent! Any other ideas?

**LUCY SAINT-CHARLES.** – We could use WEST as an acronym ... *World Exemplarity  
in Services and ... Team!*

[*Hans Moore writes: "World Exemplarity in Services and Team."*]

**FRED GIBBS.** – And HM?

**LISBETH SINGER.** – *Humanistic Management*

[*Hans Moore writes: "Humanistic Management."*]

**HANS MOORE.** – Thanks for all the ideas. Let's have a 20-minute break. Let's keep up the momentum after the break, okay?

[*Everyone approves, stands up and continues talking.  
Then they face the audience and start to sing.*]

*All*

*To the music of We are the Champions, Queen*

I've paid my dues  
Time after time  
I've signed on contracts  
And made the team dime  
And some mistakes  
I've made a few  
I've had my share of sand kicked in my face  
But I've come through

We are the champions, my friends  
And we'll keep on fighting 'til the end  
We are the champions  
We are the champions  
No time for losers  
'Cause we are the champions of the world

I've taken my bows  
Sang the team's calls  
You brought me friendship, belonging, and all that goes with it  
I thank you all

But it's been no bed of roses  
No pleasure cruise  
I consider it a challenge before the whole human race  
And we ain't gonna lose

We are the champions, my friends  
And we'll keep on fighting 'til the end  
We are the champions  
We are the champions  
No time for losers  
'Cause we are the champions of the world

*Fade out.*





## SET 2

# CSR POLICY: ETHICS AND SAFETY

At Altrad, health, safety and well-being are the responsibility of everyone, at their own level and within the scope of their responsibilities, both for themselves and those around them.

Moreover, safety is an indisputable value to which everyone must adhere fully and conscientiously. It permeates every decision we make and every action we take.

The Group encourages a culture of leadership focused on safety and incident prevention at all levels of the organization and at every stage of our operations, implementing the most demanding international standards. Our employees and partners work to the highest safety standards every day at our facilities, operational sites and administrative offices.

Indivisible from the notion of safety, respect for the environment and the defence of a high level of ethics add to the CSR charter, which is binding for Altrad and each of its employees.

Engaging in our CSR culture of excellence

Historically, our subsidiaries have implemented their own HSE (health, safety and environment) management systems, with clear objectives in terms of targeted results.

In addition to quantified results, we have set up a Group-wide process aimed at guaranteeing the deep and lasting establishment of our safety culture.

At Altrad, we believe that an integrated safety culture goes beyond simply applying a set of policies and procedures, subject to authority and hierarchy. It is rather the result of a global approach to safety that integrates each employee within the organization, in all the countries where we are present, from operators in the field to General Management and administrative staff.

Even better, our CSR policy is an integral part of our approach to operational excellence.



## ACT II

### **The location**

The site of an industrial client MB Petroleum, where West HM teams are working.

### **The context**

Employees of West HM and MB Petroleum were accidentally exposed to a strong solvent used to dilute casing paints. Serious respiratory and skin lesions were observed, despite the use of protective suits and masks.

In addition, we subsequently learn that MB Petroleum's purchasing manager validated the change of supplier of protective equipment in order to reduce purchasing costs.

### **The characters**

Amin Hayeb (CEO of MB Petroleum Europe)

Sarah Brune (HR Manager of MB Petroleum Europe)

*Don Harris (MB Petroleum Purchasing Manager) – Referred to, but not present*

Lucy Saint-Charles (CEO of West HM Group)

Hans Moore (Director of Operational Excellence at West HM Group)

Paul Black (HR Manager of West HM Group)

### **The companies present**

- **MB Petroleum**  
Petrochemical company, client of West HM Group.
- **West HM Group**  
World's leading company in services to industry

## SCENE 1

*One of MB Petroleum's refining sites.  
An alarm siren goes off, accompanied by a message:  
Recorded message  
+ siren*

**Siren**  
Red code.  
Immediate evacuation.  
This is not an exercise.

**Siren**  
Red code.  
Immediate evacuation.  
Please use the emergency routes.  
This is not an exercise.

**Siren**  
Red code.  
Immediate evacuation.  
Please use the emergency routes.

*[We see many people with protective suits and masks crossing the stage from side to side.  
Hubbub]*

Recorded message  
+ siren  
**Siren**  
Red code.  
Immediate evacuation.  
This is not an exercise.  
**Siren**  
Red code.  
Immediate evacuation.  
Please use the emergency routes.  
This is not an exercise.

**Siren**  
Red code.  
Immediate evacuation.  
Please use the emergency routes.

*[People with protective suits and masks now quickly move to the front of the stage.  
They line up in columns. And freeze.]*

*Silence.*

*To the music of Money, Money, Money, Abba, everyone sings*

I work all night, I work all day, to pay the bills I have to pay  
Ain't it sad  
And still there never seems to be enough concern for my safety  
That's too bad  
In my dreams I have a plan  
To fire exits, and water cans  
I wouldn't have to fear at all, I'd be so safe, no trips and falls

Safety, safety, safety  
Isn't funny  
It's the minimum  
Safety, safety, safety  
"Always safely"  
As would say my mum  
Aha aha  
All the things I could do  
If I had a little safety  
It's a safe man's world  
It's a safe man's world

Security ain't hard to find, just listen close, open your mind  
It's not a fad  
And best of all, it's mostly free, no investment necessary  
That ain't bad  
So always practice, some risk control  
Or you'll suffer a heavy toll  
Don't treat your life like it's a game, you know the nine rules so you claim

Safety, safety, safety  
Isn't funny  
It's the minimum  
Safety, safety, safety  
"Always safely"  
As would say my mum  
Aha aha  
All the things I could do  
If I had a little safety  
It's a safe man's world

Safety, safety, safety  
Isn't funny  
It's the minimum

Safety, safety, safety  
Isn't funny  
It's the minimum  
Aha aha  
All the things I could do

*Fade.*

## SCENE 2

*A hospital emergency room.*

*Two nurses talk together while they attend to two patients lying on beds next to each other.*

**NURSE 1.** – Proven respiratory distress. Let's intubate.

*[Both make the gesture of intubating the patients. They then check a monitor. They wait a few moments.]*

**NURSE 1.** – It's all right. The breathing rate is improving. On your side, too?

**NURSE 2.** – Yes, it's better. They had a close call!

Look: the skin lesions look very serious and deep. Third degree burns. The bone is apparent in some places.

*[Both lean closer to their respective patients and continue to provide care while speaking.]*

**NURSE 1.** – You said it! How are we going to get these suits off them? They've melted onto the skin! It looks as if at least 40% of the body is affected.

**NURSE 2.** – Dr Gregory is on his way. His instructions are clear: just stabilize the patients. We don't touch anything. This is insane!

**NURSE 1.** – They're not the first people I've seen in this state. Three months ago, we had about ten workers from an industrial site, all poisoned and burnt. It wasn't a pretty sight, I can tell you. And the same thing, a work accident. Inadequate safety measures. They were all declared permanently incapacitated for work. I swear, it makes me so angry.

**NURSE 2.** – You're right! How can things like this still happen? Everybody knows that dangerous products require the proper equipment, don't they?

**NURSE 1.** – In their case, it was a technical accident. One of the sensors didn't work. As a result, they've all been exposed to levels of whatever toxic product well beyond the maximum dose.

**NURSE 2.** – The stretcher bearer told me that for our two guys today, apparently it was their protective equipment that didn't hold up. I'd hate to be the manufacturer of that thing.

**NURSE 1.** – Too right! Me neither. Frankly, it's time everyone took safety seriously. We're talking about people's lives here!

*Fade out.*

### SCENE 3

*The stage is divided in two.*

*On one side, Amin Hayeb's office at MB Petroleum.*

*On the other, Lucy Saint-Charles' office at West HM.*

*Amin Hayeb calls Lucy Saint-Charles on the phone.*

**AMIN HAYEB.** – Lucy? Hello, Amin Hayeb here. An incident has occurred at the plant. One of your employees was injured.

**LUCY SAINT-CHARLES.** – [*She is shaken by the news.*] Who was injured? Who is this about? What happened? How bad is it?

**AMIN HAYEB.** – Piotr Zanski. He was taken to the nearest hospital emergency department. One of our guys got hurt too. I expect to hear from them any minute. I wanted to inform you as soon as possible.

**LUCY SAINT-CHARLES.** – What happened? How were they hurt? Was it an accident?

**AMIN HAYEB.** – It's still too early to tell. It seems they were severely burned and intoxicated with one of the solvents used to dilute the paint used for some of our tanks. It was probably accidental. I don't have much more information right now. Our human resources manager, Sarah Brune, has just left the refinery for the hospital. On site, all the teams were evacuated. Our experts are already there.

**LUCY SAINT-CHARLES.** – Can you at least tell me if their lives are in danger?

**AMIN HAYEB.** – The emergency doctor is at their bedside. Sarah Brune will call me as soon as she can. I'll keep you posted.

**LUCY SAINT-CHARLES.** – I'll notify Paul Black, our HR manager, immediately. We'll reassess the situation as soon as you hear anything, Amin.

Speak to you later.

*[They both hang up.*

*Lucy immediately dials another number.]*

Paul, it's Lucy. Come right over. I just spoke with Amin Hayeb. One of the workers at the MB Petroleum site has had an accident. It's serious.

*[Pause]*

I don't have any more information right now. Amin will get back to me within the hour.

*[Pause]*

Okay. I'll wait for you in my office.

*Fade out.*



## SCENE 4

*Lucy Saint-Charles' office, West HM headquarters.*

*Also present are Paul Black, HR Manager, and Hans Moore, Director of Operational Excellence.*

**PAUL BLACK.** – Lucy, do you know if Piotr Zanski's wife has been notified?

**LUCY SAINT-CHARLES.** – No, not yet. It's up to us to call her. But before we do, I'd like more information ...

**HANS MOORE.** – When is Ayeb supposed to call back?

**LUCY SAINT-CHARLES.** – I hope in the next few minutes ... It's endless, this waiting.

**PAUL BLACK .** – You said it was serious. Do you know if he's going to make it?

**LUCY SAINT-CHARLES.** – I don't know!

Amin Ayeb was waiting for information himself. He says it was accidental.

**HANS MOORE.** – Both the wounded were wearing their safety gear?

**LUCY SAINT-CHARLES.** – I don't know ... but I find it hard to imagine they could have done the job without being equipped. ...

*[Lucy's phone rings.]*

It's Amin Ayeb!

*She answers immediately.]*

Yes, Amin, I'm listening.

*[Pause]*

Okay, that's good news.

*[Pause]*

What does Sarah Brune say?

*[Pause]*

And the doctor? You say his name is ... Gregory, right?

*[She notes.]*

*[Pause]*

Are visits allowed?

*[Pause]*

Okay. Mr Zanski's wife is being notified.

*[Pause]*

Thank you, Amin. Can you free yourself this afternoon?

*[She also nods the question to Paul Black and Hans Moore who both nod in agreement]*

Perfect. 2.30 p.m. at your offices. Paul Black and Hans Moore will be with me. I'll see you later.

*[She hangs up.]*

**PAUL BLACK.** – [*Paul Black picks up his phone.*] Mrs Zanski. Hello, Paul Black from West HM. I'm not disturbing you, am I?

*Fade.*

## SCENE 5

*Amin Ayeb's office at MB Petroleum headquarters.*

*Also present are Sarah Brune, Lucy Saint-Charles, Paul Black and Hans Moore.*

**AMIN AYEB.** – Okay. We know a little more. First of all, the good news is our two guys are out of danger. Their injuries are serious, but their lives are not threatened. Sarah, could you tell us more?

**SARAH BRUNE.** – I spoke at some length with Dr Gregory, in the presence of Zanski's and Virenke's wives. The initial news is encouraging, although the medical team remains cautious.

No vital prognosis is being made. The injuries are serious, very serious, even, and will require a considerable period of hospitalization. Right now, Dr Gregory's talking about two months of hospitalization. And at least four months off work.

I couldn't see Zanski and Virenke. No visits are allowed, except for their wives.

**LUCY SAINT-CHARLES.** – Thanks, Sarah. Paul was able to talk with Piotr Zanski's wife. She's in shock. How did Mr Virenke's wife react?

**SARAH BRUNE.** – As well as one can react in this kind of situation. Dr Gregory was reassuring. It did both of them good.

**LUCY SAINT-CHARLES.** – On our side, we're doing whatever is necessary to support Zanski's family.

Amin, we're going to need more information about the circumstances of the accident. Do you have any initial information yet?

**AMIN AYEB.** – The people in charge have not yet spoken.

However, we did interview some of the workers present near the accident site. They all confirmed that Zanski and Virenke were wearing their safety equipment. They were categorical about that. At first sight, it seems as though a large quantity of solvent accidentally spilled, affecting the two men who were trying to intervene.

*[He pauses.]*

Lucy, forgive me, but the description I'm about to give you is a little ... gruesome.

The amount of solvent that is added to the paint is, you can imagine, computer controlled. For some reason, the volume of solvent spilled was more than 10 times higher than normal. It was while trying to interrupt the process that Zanski and Virenke were affected.

*[Pause]*

The solvent we use is a highly flammable, corrosive product. Not only were the two men in direct contact with the solvent, but a fire started in the cabin where they were. The fumes they inhaled are very toxic. The masks they wore only partially protected them. They were in respiratory distress for several minutes. Witnesses say they saw them suffocate ... It was horrible, apparently. Indescribable panic! Both men were screaming.

[*Pause*]

Their colleagues came to their rescue, but too many minutes had elapsed between the accident and their intervention.

[*Pause*]

The suits couldn't resist. They were severely burned.

[*Pause*]

They partially dissolved with the solvent, causing terrible burns. And then there was the fire ...

Zanski and Virenke both have third degree burns, on more than ... on more than 40% of the bodies. They both lost their hair. It's terrible!

[*Pause*]

As far as we know, no vital organs have been irreversibly affected. Their lungs are nevertheless very affected, but I repeat, their condition has stabilized. They're going to be okay.

[*Long pause*]

**PAUL BLACK.** – The suits are supposed to be solvent resistant, aren't they?

**AMIN AYEB.** – In theory, yes.

**HANS MOORE.** – Is this the first incident of its kind?

**AMIN AYEB.** – No, not exactly. Several times a year we have to deal with situations where the workers are spattered by accidental projections. But none of them were ever hurt.

**HANS MOORE.** – What's different this time?

**AMIN AYEB.** – The safety equipment was replaced last week. All the workers are newly equipped.

**LUCY SAINT-CHARLES.** – You're saying, Amin, the equipment was new?

**AMIN AYEB.** – Yes.

**HANS MOORE.** – Was it from the same supplier?

**AMIN AYEB.** – Apparently not. Don Harris, our Purchasing Manager, validated the change of supplier a few weeks ago.

**LUCY SAINT-CHARLES.** – And everything is in order on that side?

**AMIN AYEB.** – We've opened an internal investigation.

[*He stops, looking embarrassed.*]

The first witnesses of the accident say that the suits didn't resist the solvent spray at all ... We cannot rule out that they are defective ...

**LUCY SAINT-CHARLES.** – Amin, I'm going to be straight with you. If it turns out that part of the equipment was defective, the situation is serious and your supplier may be held liable.

**AMIN AYEB.** – I'm aware of that.

**HANS MOORE.** – I think an independent expert should be involved in your internal investigation. In charge of the investigation, to be more precise.

**AMIN AYEB.** – I get your point, Hans. Nevertheless, I believe that we need to act as soon as possible. Our team has already begun its investigation.

**LUCY SAINT-CHARLES.** – I share Hans's view, Amin. Given the seriousness of the situation, we must follow the procedure to the letter. We have formal agreements: in the event of a Class IV incident, which is the case here, both parties must have equal access to the conclusions of any investigation conducted. An independent consulting firm is required. We've used the services of Smith & First in the past. Do you know them?

**AMIN AYEB.** – I do know them. They're very good. I suggest that we now mandate them jointly.

**LUCY SAINT-CHARLES.** – Perfect! We'll review the situation together before the end of the week.

*Fade out.*

## SCENE 6

*Amin Ayeb's office.*

*Present are Lucy Saint-Charles, Hans Moore and the expert from Smith & First.*

**AMIN AYEB.** – I'll hand over straight away to Mr Bell from Smith & First.

**EXPERT BELL.** – Thank you. Our investigation isn't over yet. Nevertheless, we have some initial elements to communicate to you.

*[Everyone listens attentively.]*

Everything points to the fact that the causes of solvent spillage were accidental. Our experts are doing their final checks, but this is our likely conclusion.

The suits Virenke and Zanski were wearing were defective, as are all the suits received two weeks ago and produced by Protecteam.

**LUCY SAINT-CHARLES.** – If I could just come in here. It is crucial that our employees' equipment is changed immediately.

**AMIN AYEB.** – Absolutely. We've anticipated this conclusion and equipped everyone with the old model, while waiting for the next delivery.

**EXPERT BELL.** – Our advice is that your companies take joint legal action against Protecteam. We can discuss this later.

The next topic I want to raise is more delicate ...

Don Harris, MB Petroleum's Purchasing Manager, was interviewed as part of our survey. We noted some inconsistencies in his responses and continued our investigations ...

*[Pause]*

At the end of our investigations, it appears that Mr. Harris received a substantial sum to award the contract to Protecteam, in violation of tendering rules, the law and ethics.

*[Pause]*

**AMIN AYEB.** – This is a serious accusation, Mr Bell. I assume you have evidence of your allegations?

**EXPERT BELL.** – We do. Here it is.

*[He hands Amin Ayeb a file.]*

**HANS MOORE.** – The situation we are experiencing is particularly edifying. It gives us all the chance to reflect on the excellence of our business development and ethical practices.

**LUCY SAINT-CHARLES.** – It is urgent for us to review our safety procedures in order to limit, as far as possible, the risks incurred by each of our employees who operate in hazardous environments, where their health may be at risk.

As far as ethics is concerned. ... Let me be very clear: West HM cannot condone any fraudulent practice that is illegal or in breach of our code of ethics and our values. Our credibility, integrity and reputation are at stake.

**HANS MOORE.** – Since we have begun thinking more broadly about Excellence, I propose that we take the time to stress the safety and ethical aspects, with all our teams. It's not just a matter of raising everyone's awareness, it's also about realizing that these two issues are everyone's business. The consequences can be drastic, starting with people. But also for the environment, our partners and our brand.

**LUCY SAINT-CHARLES.** – It is undoubtedly a long-term approach that we will have to initiate. I'd like to involve our partners. What do you say, Amin?

**AMIN AYEB.** – I'm in. We will also have to work on this subject again. Integrity is clearly an essential condition for conducting business. I can only deplore Don Harris's behaviour, which will be sanctioned immediately. It is totally unacceptable. We will be absolutely firm about that.

**HANS MOORE.** – Establishing the value of safety, preventing risks, involving everyone in the approach, making integrity and ethics non-negotiable conditions of our practices and exchanges ... It makes for an ambitious and completely necessary roadmap.

**AMIN AYEB.** – Undeniably. It makes sense for us all to be thinking about these very important issues. Obviously, a wakeup call is in order. Our conduct must be exemplary. Safety and ethics requires commitment from our employees as much as from ourselves and from our partners.

**LUCY SAINT-CHARLES.** – Let's work out some dates to move forward, first on the matter at hand and then on a broader reflection on CSR policy issues. Gentlemen, shall we get our diaries out?

*Fade out.*

*To the music of Le Freak, Chic, all the participants in Act II sing.*

Aaahh watch out!

Ethics, c'est chic

Watch out!

Aaahh watch out!

Ethics, c'est chic

Watch out!

Have you heard about things like respect?

Listen to us, I'm sure you'll be amazed

Big fun to be had by everyone

It's up to you, it surely can be done

Young and old are doing it, I'm told  
Just one try, and you too will be sold  
It's called ethics! They're doing it night and day  
Allow us, we'll show you the way

Aaahh watch out!  
Ethics, c'est chic  
Watch out!

All that pressure got you down  
Has your head spinning all around  
Hear this out, avoid crimes  
Come on along and have a real good time  
Like the days of respecting human rights  
Now we love, to shed a light  
On practices, that we abhor  
So look inside, down to your core

Aaahh watch out!  
Ethics, c'est chic  
Watch out!  
Ethics!  
I say chic!  
Ethics!

All that pressure got you down  
Has your head spinning all around  
Hear this out, avoid crimes  
Come on along and have a real good time  
Like the days of respecting human rights  
Now we love, to shed a light  
On practices, that we abhor  
So look inside, down to your core

Aaahh watch out!  
Ethics, c'est chic  
Watch out!  
Aaahh watch out!  
Ethics, c'est chic  
Watch out!  
Aaahh watch out!



## SET 3

# QUALITY AND APPROPRIATENESS OF INVESTMENTS: CONTROLLING GROWTH

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

The acquisitions made in recent years have enabled the Group to experience 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 a diversified geographical presence enable it to benefit from a certain stability and to demonstrate a proven capacity for resilience.

Headed by an experienced management and operational team of the highest quality, Altrad has a stable and efficient organizational and managerial structure.



## ACT III

### **The location**

West HM Steelo plant

### **The context**

Following the recent problems in delivering to certain customers, including Fareep, West HM Steelo's CEO, Brice Quentin, wants to carry out major transformations in one of their plants to increase production capacity and strengthen safety and quality.

In addition, he is considering acquiring Wiren, an electrical cabling company whose plant is located close to the one he wants to transform.

### **The characters**

Brice Quentin (CEO of West HM Steelo)

Lisbeth Singer (BD Manager at West HM Steelo)

Jacomo Finzi (Business Developer at West HM Steelo)

Lucy Saint-Charles (CEO of West HM Group)

Hans Moore (Director of Operational Excellence at West HM Group)

Paul Black (HR Manager of West HM Group)

### **The companies present**

- **West HM Steelo**  
Subsidiary of West HM Group
- **West HM Group**  
World's leading company in services to industry

## SCENE 1

*One of West HM Steelo's plants.*

*Brice Quentin, Lisbeth Singer, Lucy Saint-Charles, Hans Moore and Paul Black are present.*

**LUCY SAINT-CHARLES.** – It's a great idea to meet up here in the factory. It gives us a very accurate view of the situation.

I read your report, Brice. It's convincing.

*[She looks at the file in her hands.]*

As you can imagine, I've been studying the figures.

The investment you advocate is substantial. All the more so as, added to the cost of processing, there is the cost of acquiring the Wiren plant next door. What time are we visiting it again?

**BRICE QUENTIN.** – In half an hour.

You're right. The amounts involved are very high.

I'm convinced that they will enable West HM Steelo to increase its production capacity by 40%.

In addition, the control processes will be improved. We anticipate much higher quality from the factory, which should lead to a substantial reduction in the defects observed ... in the order of 50 to 60% at first.

Our goal remains zero defects, of course. But we have to be realistic: it will take a little time, with the changes in work habits and the layout of the factory ...

**PAUL BLACK.** – How did your last Works Council meeting go? Do the workers support the project?

**BRICE QUENTIN.** – It's true that the plant has had some issues recently. I'm not going back over the Fareep episode, in the midst of industrial action.

We have since returned to the bargaining table. The investment outlook is welcome as it secures jobs and will also help to address some of the issues raised by our union leaders.

**PAUL BLACK.** – That's good news. Without team support, the project could be significantly delayed.

**LUCY SAINT-CHARLES.** – I totally agree, Paul. It will be important to communicate in the coming weeks, if we validate the investments.

Brice, I'd like to come back to the impact of investments on prices. In your report, you mention an increase of 6.5% the first year, then 3.5% the second, excluding inflation. This is quite substantial. Do you and your business developers think the market is prepared to accept such increases? Have you spoken to your biggest clients?

**LISBETH SINGER.** – We have. In fact, we even involved them in the thinking process. We discussed their needs with them.  
As I shared at our recent Operational Excellence Workshop, everyone expects reliability. “Do what you are committed to do.” That’s the motto.

**BRICE QUENTIN.** – Which requires, among other things, improved quality. The recent disruptions in the plant don’t explain everything. Our control and verification processes, but also our production processes, have a lot of room for improvement. This means making the necessary investments. We must strive for excellence at all levels.

**HANS MOORE.** – I can only agree with you there, Brice!  
Excellence, excellence, excellence!

**LUCY SAINT-CHARLES.** – Just to come back to the prices ... I understand that clients are willing to accept some increase. But are they willing to accept an increase of more than 10% over 24 months?

**BRICE QUENTIN.** – Lisbeth, would you like to add a word?

**LISBETH SINGER.** – To be perfectly frank, there’s no consensus on the subject! Some of our customers understand that quality improvement has a price, which they are willing to share with us and which they believe they can pass on to their own prices and thus preserve their margins. Others are much more ... wary, even opposed. They say quality is our problem, and that they shouldn’t have to pay for our ... how can I put it? ... internal dysfunction.

**BRICE QUENTIN.** – I understand the reasoning. But it’s not only a question of dysfunction. Quality comes at a cost, or a price if you prefer. You can’t buy a Porsche for the price of a Clio!

**LUCY SAINT-CHARLES.** – Certainly! Have you considered processing your products as well? I mean not only to decrease the percentage of defect on a given volume, but also to modify the characteristics of the products, or associated services, to make them better suited to our customers’ needs?

**BRICE QUENTIN.** – Absolutely. Some of the items produced on the lines behind you no longer have much room for improvement. For these products, we’ve focused on strengthening the associated services, which would help to get the price increase accepted. So, our engineers have worked on different products, with innovative features. We presented prototypes to some of our customers. Their response has been more than positive – enthusiastic even in some cases.

**HANS MOORE.** – Innovation is one of the strategic pillars we intend to build on in the coming years to develop West HM.

**BRICE QUENTIN.** – It's time for our meeting at Wiren's.  
As you'll see, their factory is very modern, at the cutting edge for some equipment ... which also explains the value of the Wiren company ...  
I'll let you judge for yourselves! Let's go!

*Fade out.*

## SCENE 2

*The factory premises nearby.*

*On stage, a few people all dressed identically, with the same logo on their suits. These figures represent the Wiren factory (or its workers), which is for sale.*

*To the music of 'Take a Chance on Me, Abba, they sing:*

Guys make up your mind, I'm the first in line  
Though I'm not for free  
Take a chance on me

If you need me, let me know, gonna be around  
I'm the place to go, I won't let you down  
Opportunities come and go, don't miss that one  
Boss I'm still free  
Take a chance on me  
Gonna do my very best and it ain't no lie  
If you put me to the test, if you let me try

Take a chance on me  
(That's all I ask of you)  
Take a chance on me

We can go hiring, we can go working, as long as we're together  
Writing up contracts, maybe just talking, invest a little better  
'Cause you know I've got  
So much that I wanna do, as another part of you  
Make magic  
Promise you want me there, not afraid of this affair  
But I think you know  
Acquire me, let's go

If you change your mind, I'm the first in line  
Though I'm not for free  
Take a chance on me  
If you need me, let me know, gonna be around  
If you've got want a place go, if your stock's sky bound  
If you're all alone with your big bank's loan  
Boss I'm still free  
Take a chance on me

Gonna do my very best and it ain't no lie  
If you put me to the test, if you dare to try  
Take a chance on me

*Fade out.*

*Still at the premises of the Wiren factory.*

*In the background, you can still hear the music of Take a Chance on Me.*

*We see Brice Quentin, Lisbeth Singer, Lucy Saint-Charles, Hans Moore and Paul Black, guided through the factory by the people who just sang.*

*No words.*

*Fade out.*



### SCENE 3

*At West HM Steelo headquarters, after the visit to the Wiren plant.*

*Brice Quentin, Lisbeth Singer, Lucy Saint-Charles, Hans Moore and Paul Black are present.*

**LUCY SAINT-CHARLES.** – Frankly, I'm impressed, Brice.

We've just seen a very fine factory.

Before making a final decision, we'll need to study the dossier in detail, of course. But I already feel positive about it. What do you think?

**BRICE QUENTIN.** – I feel the same, as you can imagine.

I've been to a lot of other factories in the last few months. And in the end, it's the one right next to ours that seems best suited to our development needs.

It would allow us to acquire innovative technologies instantly.

As you've seen, they are well in advance in many respects. It would take us several years to even compete with their technologies.

According to our first estimates, this acquisition would allow us to gain five to seven years. Which is huge!

**LISBETH SINGER.** – Their product range is very cutting-edge, it's true. But their rates are also very ... sharp! That will hurt!

They're in a high-end segment.

I'm not sure we can position ourselves with our current customers with prices like that.

**BRICE QUENTIN.** – This is clearly an opportunity to complement our range of products and services.

It would enable us to offer integrated solutions for a whole part of our customers' production cycle. Offering them a single interface also saves them not only money, but also time. It makes their lives easier.

**LISBETH SINGER.** – Okay, but it's the business developers on the ground that are going to have to get people to swallow the pill. It's not the most comfortable position ...

**PAUL BLACK.** – No, but it's part of their job.

I'm currently working on an original training programme for all our business development teams.

Internal negotiating skills need to be strengthened.

We must also better prepare our teams to deal with difficult, or even conflictual situations. Customer relationship management is an acquired skill.

**LISBETH SINGER.** – Individual training is good. But we also need more cooperation between the different entities in charge of business development.

**HANS MOORE.** – I totally share your point of view, Lisbeth. It's a project that we've started very recently and that we'll have to work on very seriously in the coming months.

**LUCY SAINT-CHARLES.** – Hans, I suggest we deal with the topic of adapting our organization to the challenges of growth a little later, okay?  
For now, I'd like us to focus on the Steelo transformation project and possible acquisitions.

**HANS MOORE.** – Perfect. I remind you that a few months ago we formalized the process of selecting the opportunities that arise.

*[Everyone agrees.]*

Whether it is investment opportunities in existing facilities or the acquisition of new companies, we now follow a rigorous, collaborative process.

Which goes back to what you were saying, Lisbeth.

**LUCY SAINT-CHARLES.** – West HM has international presence. Our operations are global.

The portfolio of our world-class industrial customers has grown steadily over the past five years.

Our range of services and products continues to grow.

The need for complementary expertise is also growing, and will continue to grow, as we aim to offer a range of high-performance integrated solutions.

Clearly, these needs can only be met through external growth if we want to be relevant and operational from now on.

Nevertheless, I'd like to stress the importance of operating according to a rigorous process of identification, selection, implementation and review of investments.

Our selection criteria are demanding. They must be clear to all those involved in business development. And all of this while respecting a realistic growth rate.

**PAUL BLACK.** – Thank you for pointing that out, Lucy.

It's important for you to know that the HR departments of a number of our subsidiaries have notified us of quite a few issues of frustration following the latest acquisitions made by the Group.

The pace has been very fast and the teams have sometimes had trouble adapting.

Not to mention the impact on West HM's culture, which is bound to change.

Many of our collaborators are wondering: what will West culture look like if we continue to grow as we have done in recent years?

**BRICE QUENTIN.** – It would be valuable to discuss integration processes across the Group, and more broadly West HM's vision.

Where do we want to be in three to five years? How do we want to differentiate ourselves from our competitors? How can each entity contribute to this development?

Anyway, as you can see, I have a lot of questions.

**LUCY SAINT-CHARLES.** – All relevant!

I want us to think broadly about what our customers need. Their current needs, their future needs. How we can support this movement, even anticipate it. How can we shape the market.

“Value trumps volume”: in general, our ambition is to create value, more than to generate volume.

This will necessarily involve listening carefully to our partners, but also ... visionary intuition. It's up to us to create West HM's future together.

**BRICE QUENTIN.** – The investments presented in my report are essential to the growth of Steelo, but also of West Group in general.

They are part of an expansion strategy designed to strengthen West's expertise in its European markets and with its industrial clients.

**LUCY SAINT-CHARLES.** – Our ambition is to consolidate our leading position in the field of industrial services.

In some regions, this position must be maintained, in others it must be strengthened or even won.

This requires, in particular, our ability to become a unique and privileged multidisciplinary interlocutor for our clients. Therefore, to offer them integrated solutions covering the entire spectrum of the trades and disciplines concerned.

We must work together to draw up a list of professions to be strengthened internally or acquired externally. And then prioritize them.

The aim is to arrive at a list of priorities in terms of investments and acquisitions.

And to share it internally with our business development teams.

**HANS MOORE.** – While keeping excellence as our compass.

**LISBETH SINGER.** – And reliability, I must insist on that.

Our customers need integrated solutions, innovative products and services, customized conditions.

They are prepared to bear a certain tariff increase. But they will only continue to trust us if we deliver what we promised them.

And we will only convert the prospects we have in the pipeline if they are convinced that we are doing what we do best.

**PAUL BLACK.** – A clear, shared roadmap will bring people and efforts together. The more visibility we have, the better we adapt the means available, the more likely we are to motivate the teams.

**LISBETH SINGER.** – It's not going to be easy with everyone.

I can't hide that some developers in the field have been under pressure recently. We're going to have to back them up.

**PAUL BLACK.** – That's the plan! More collaboration, more mutual help, more support, more training, more communication ... in short, more team for efficient and sustainable growth.

*Fade out.*

*To the music of Beat It, Michael Jackson, everyone sings:*

They told him “go slow, we’re not working in light years”  
Don’t want to see your growth instil investor fear  
The bubble’s in their eyes but our warning’s been clear  
Just build it, control it

You better lead, you better do what you can  
Don’t want to see no despot, a regular businessman  
You want to be tough, manage growth and we can  
So build it, without losing your rank

Just grow it, grow it, grow it, grow it  
No one wants to be defeated  
Showin’ quality and strength is your fight  
Managing to make sure it goes right  
Just grow it, grow it  
Just grow it, grow it  
Just grow it, grow it  
Just grow it, grow it

No one’s out to get you, better trust all you can  
You want to grow together, avoid risks and plan  
You want to stay alive, better do what you can  
So grow it, control it

You have to show them our operations scale  
Exploiting opp’s, synergy, and economies of scale  
Keep making, all that money,  
Make competitors pale  
So build it, without losing your rank.

*Fade out.*

## SET 4

# R&D AND OPEN INNOVATION

Research and innovation are pillars of the Group's strategy, helping to increase the range of products and services on offer and create high value-added solutions.

### Why open innovation?

In a competitive and changing market, where customer demands show a growing appetite for novelty, service, speed, simplicity, responsibility, customization and even free offers, companies are engaged in a continuous process of improvement and constant, proactive and voluntary adaptation to their environment.

Innovation enables the Altrad Group to guarantee competitiveness, to open new markets, to create more value for its customers and to be more efficient.

Backed by its Research & Development departments, innovation occurs at all levels of the organization and affects all areas of activity. Organizational, managerial, commercial, technical, it contributes to improving the safety of goods, services and people but also the customer experience in the broad sense.

Today, the Altrad Group is committed to an open innovation approach, backed by existing internal mechanisms, based on strengthening partnerships and setting up new collaborations.

Driven by technological progress and the development of digital technology, supported by a common set of values and the belief that genuine cooperation is possible, open innovation will strengthen the Group's links with a global innovation ecosystem.

With bold commitment to trust, sharing and collective intelligence, the Altrad Group intends to develop its R&D activities and build a network of fruitful interactions not only internally, but also with customers, other companies, start-ups, suppliers to universities, schools and research institutes.

We are convinced that building such a network will be a decisive asset to better anticipate market developments, professional practices and organizational procedures. It will enable us to explore new growth opportunities, to differentiate ourselves in a valid and sustainable way and to support our customers in their own challenges.

## INITIATING A PROFOUND DIGITAL TRANSFORMATION IN THE GROUP

Digital technology is redefining the map of the world, (virtually) abolishing borders and distances. It changes the relationship to time, to education and access to information. It redefines relationships between people, organizations and transforms professional practices.

Digital technology is at the root of a major, rapid and exponential evolution in production methods and commercial relations.

The hyper-connection of the world and the reorganization of work that this allows have a profound impact on productivity – which increases “mechanically” – and on the flexibility of production processes in general.

One of the major impacts of the digital revolution is undoubtedly the possibility of “mass customization” which relies on the ability of enterprises to address and process complex and diverse demands on a large scale, thus creating the conditions for the ever-increasing satisfaction of customer needs and demands.

## ACT IV

### **The location**

The office of Lucy Saint-Charles, CEO of West HM Group

### **The context**

Following the workshop on Operational Excellence and recent events, West HM Group is organizing a “Passion & Reflection” seminar with several partners to rethink innovation within the Group.

### **The characters**

Brice Quentin (CEO of West HM Steelo)

Lisbeth Singer (BD Manager at West HM Steelo)

Jacomo Finzi (Business Developer at West HM Steelo)

Lucy Saint-Charles (CEO of West HM Group)

Hans Moore (Director of Operational Excellence at West HM Group)

Paul Black (HR Manager of West HM Group)

Fred Gibbs (CEO of Fareep)

Patrick Muller (CEO of Digital Fiber, a digital design company)

Anna Bolster (Director of a research laboratory specializing in big and smart data, integrated into a European university)

Some students and founders of anonymous start-ups

### **The companies present**

- **West HM Group**  
World’s leading company in services to industry

## SCENE 1

*Lucy Saint-Charles's office at West HM Group headquarters.  
Also present is Hans Moore.*

**HANS MOORE.** – This is the latest version of the “Passion & Reflection” seminar programme. Like to take a look at it?

*[He hands her a sheet of paper, which she reads aloud.  
While browsing the document ...]*

**LUCY SAINT-CHARLES.** – Welcome, keynote speaker, round tables, cocktail and dinner show ... That sounds great.  
I wonder if for the next edition, we could organize the event around a sporting event, what do you think?

**HANS MOORE.** – That's a good idea. It has been done in the past, but it would be good in the future to complete the event with a programme of reflection and discussion as we will do for the next seminar. I'm convinced that our partners will enjoy it.

**LUCY SAINT-CHARLES.** – Perfect!  
Do we have any idea how many people will be attending? Did everyone answer?

**HANS MOORE.** – It's confirmed. We're expecting 256 people.

**LUCY SAINT-CHARLES.** – Okay. What about the brainstorming session the night before?

**HANS MOORE.** – About 15 people, as planned. I'm glad that students, academics and start-up founders are coming, as well as our customers and suppliers. This is a first for the Group.

**LUCY SAINT-CHARLES.** – Clearly, if we want to boost our Research & Development department and make it even more innovative, we need to involve our partners in our thinking.

The last discussions we had with our biggest customers and the heads of subsidiaries were categorical. ... and what goes well without saying goes even better when you say it: if we want to remain competitive and relevant, we must keep in tune with our customers' expectations.

*[She pauses.]*

I won't hide the fact that I still feel like I'm entering unknown territory. It's the first time we're engaging in this kind of approach. I believe deeply in open innovation ... and at the same time, it's paradoxical, I know, but I'm a little apprehensive. It's quite something to open up like this.

*[She pauses again.]*

Can I be honest with you, Hans?



[*He nods.*]

Part of me is convinced that this is the right thing to do. Another part doubts a little ... I'd like to be sure it's the right choice ... How do I know?

**HANS MOORE.** – You can't. You can only try out the experiment and see how it goes.

**LUCY SAINT-CHARLES.** – I know you're right, but the part of me that doubts would like to be reassured right now.

[*She pauses again.*]

The events of recent months, even years, have been so intense! I think I want some certainty for a change.

**HANS MOORE.** – Certainties ... I wish I could provide you with some, Lucy.

The only thing I *can* share with you is my conviction. And that's strong. I'm convinced that opening up West HM's R&D and innovation is not only a very good idea, I actually think we have no other choice.

You said so yourself, to survive, we must keep in tune with our customers' expectations, with the market, feel the spirit of the times, develop a vision.

**LUCY SAINT-CHARLES.** – I know ...

**HANS MOORE.** – Lucy, I admire what you've been doing as the head of West all these years. I admire your courage, I admire your resilience, your perseverance, your concern for others. I even admire your doubts!

[*She laughs.*]

**LUCY SAINT-CHARLES.** – You admire my doubts?! I've had a lot of compliments, but never that one!

**HANS MOORE.** – To be more precise, I don't admire your doubts ...

[*She interrupts him.*]

**LUCY SAINT-CHARLES.** – Ah, I was going to say.

**HANS MOORE** [*He smiles*]. – I admire your ability to share them. To reveal, once every ... not often! It's true! Your ability, to reveal a slight vulnerability. It makes you more human.

[*He pauses.*]

Do you mind if I give you some advice? More like an invitation.

You should start your seminar opening speech like you just said.

Everyone in the room will be able to relate to what you say. Everybody has doubts. It is even *because* you have such doubts that the pact of trust you are about to make with our guests has value. You know that as well as I do – long live paradoxical thinking! – trust excludes transparency. If everything is transparent, there's no need for trust.

**LUCY SAINT-CHARLES.** – It's a thought ...

**HANS MOORE.** – And remember that for this first edition of the seminar launching our open innovation programme, we deliberately chose not to invite our competitors. To associate the competition with our research and reflections is still premature ... That will come later. For now, only our partners will be present. Lucy, everyone has both an objective and a subjective interest in making this seminar a success and ensuring that our R&D activities lead to relevant innovations.

**LUCY SAINT-CHARLES.** – I know, you're right, Hans. Thank you for sharing this conversation.

256 people, you say? That'll be a lot of grey matter per square foot.

I'm also really happy to be involved in the brainstorming session the day before.

I'm delighted by the idea of senior researchers, students, young entrepreneurs, our customers and suppliers all thinking together! Even if I have my doubts!

*[She gets up.]*

Thank you, Hans, really. It's going to be a fine seminar. I can't wait to see the ideas that come out of it. You see, these moments of intense creation reconnect me with my own creativity. I need it to deepen the vision I wish to engage West in.

*[She pauses.]*

It's going to be a great seminar.

*Fade out.*

## SCENE 2

*Still in Lucy Saint-Charles's office, now alone.*

*To the music of Fly Me to the Moon, Frank Sinatra, Lucy sings:*

Fly me to the moon  
And let me play with disregard  
For ev'ry convention that gets  
In the way of art

In other words: set me free  
In other words: create with me

Fill my world with space  
And let me chase for evermore  
R & D and more  
Are all I worship and adore

In other words: break the mould  
In other words: out with old

Fill my world with space  
And let me chase for evermore  
R & D and more  
Are all I worship and adore

In other words: break the mould  
In other words, in other words: daring's gold

*Fade out.*

### SCENE 3

*A reception/conference room at the West Inn.*

*About fifteen people are gathered: Lucy Saint-Charles, Hans Moore, Paul Black, Brice Quentin, Lisbeth Singer, Jacomo Finzi, Fred Gibbs, a supplier, the director of a research laboratory at a European university, some students and start-up founders.*

*Hubbub. Everyone's talking at once.*

**HANS MOORE.** – Good morning, everyone.

Please take your seats. Let's get started.

For those of you who don't yet know her, I am pleased to introduce Lucy Saint-Charles, CEO of West HM Group.

Lucy, over to you!

*[Applause. Lucy stands up in front of her audience.]*

**LUCY SAINT-CHARLES.** – Good morning. I'm delighted to welcome you today at the West Inn conference room ... With a name like that, you'll agree, it was hard to choose any another hotel! Although I'm taking the floor to start our brainstorming session, in fact, I'm here today essentially to listen to you.

Listen to what you know about our activities.

Listen to your suggestions for the future, the projects on which you are working yourselves.

Listen to your ideas about products and services that we could develop, including the most extravagant.

Today, it is not the principle of reality that is in the spotlight. It's creativity, imagination ... the dream.

*[She pauses.]*

Today is an important day for West HM. It is the first time in the Group's history that we have opened our thoughts and imaginations to our partners. It is the first time we've chosen open innovation. It is a decisive step that we have just taken.

*[Pause]*

Creating value for our partners, meeting our customers' current and future needs is our mission. But how do you stay relevant in such a rapidly changing world? How do you generate visibility in a volatile and uncertain environment? How do we make the right choices?

*[Pause]*

Some decisions are easier than others. I won't hide the fact that I myself often have moments of doubt. My role involves making many decisions every day on a variety of complex issues. How do I know which decision is right?

*[Pause]*

Actually, I don't always know. Hence the importance of having a compass to guide me at all times, a team in whom I have total confidence ... and an inspiring vision.

My convictions are forged at the centre of this triangle, at the intersection of these three dimensions: humanist values and clear management principles – my compass

– passionate and committed men and women, and finally the contours of the shoreline towards which I intend to take us all.

*[Pause]*

The major acquisitions we have made in recent years have enabled West HM to change not only in size but also in nature. The stakes we face are considerable.

Our customers' requirements reflect a growing appetite for novelty, service, speed, simplicity, responsibility and customization.

We have no choice but to remain committed to continuous improvement and constant, proactive and voluntary adaptation to our environment.

*[Pause]*

The complexity to which we are subjected dictates that we show humility: it is by combining the intelligences that surround us with our internal reflections, it is by listening to the world and our partners that we will invent, together, the ideas that will make our success of tomorrow.

*[Pause]*

West HM is now wagering on trust, sharing and collective intelligence. The Group intends to develop its Research & Development activities and build a network of fruitful interactions not only internally, but with all of you, our customers, our suppliers, start-ups, universities, schools and research institutes in our region.

*[Pause]*

We are convinced that building such a network will be a decisive asset to better anticipate changes in markets, professional practices and organizational practices. It will enable us to explore new growth opportunities, to differentiate ourselves sustainably and to support our clients in their own challenges.

*[Pause]*

Ladies and gentlemen, today boldness has pride of place.

So, let's dare!

*Fade out.*

## SCENE 4

*The same reception/conference room at the West Inn.*

*Present are Lucy Saint-Charles, Hans Moore, Paul Black, Brice Quentin, Lisbeth Singer, Jacomo Finzi, Fred Gibbs, a supplier, the director of a research laboratory at a European university, some students and start-up founders. To simplify the brainstorming session, everyone present throws out a word, one after the other.*

*All spoken words are displayed on a screen at the back of the stage. Words appear in multiple sizes and colours until the screen is full.*

Innovation!  
Boldness!  
Value!  
Research  
Opening up!  
Digitizing!  
Collaboration!  
Technicality!  
Solutions!  
Satisfaction!  
Website!  
Share!  
Resources!  
Incubation!  
Reliability!  
Rupture!  
Efficiency!  
Time!  
Information!  
Connecting!  
Evolution!  
Reorganization!  
Imagination!  
Customization!  
Loyalty!  
Revamping!  
Quality!  
Credibility!  
Loyalty!  
Performance!

*Fade out.*

## SCENE 5

*Lucy Saint-Charles's office at West HM Group headquarters.*

*Present are Lucy Saint-Charles, Hans Moore and Patrick Muller (CEO of Digital Fiber, a digital design company) and Anna Bolster (Director of a research laboratory specializing in big and smart data, integrated into a European university).*

*The conversation concerns the transformation of the Group's digital approach and the development of more sophisticated IT tools.*

**HANS MOORE.** – As I explained on the phone, Mr Muller, the West HM Group is committed to developing a whole range of new IT tools and revamping its website. This approach is part of a vast programme of Excellence development in all its forms and at all levels of the Group.

We have initiated a broad reflection on the notion of Excellence within the Group. Recently, we invited our partners to an open innovation seminar to validate the adequacy of our offer of products and services not only to the current and future needs of our customers, but also to the evolution of the market.

The West HM Group has changed enormously in recent years. Today, we serve several hundred thousand customers through our equipment and industrial services activities. Keeping pace with their expectations is an activity that is becoming increasingly complex: on the one hand because of the large number and variety of customers, and on the other, because of the acceleration of transformations in general.

We have an urgent need to develop our communication and exchange tools internally and with our partners. That's why we've asked you here today.

**LUCY SAINT-CHARLES.** – With respect to our traditional business, the question is “Are we still relevant?” In other words, is our offer of services and products, our commercial offer, the way we manage the relationship with our customers, is all this to their satisfaction?

For the service and product proposals we are actively developing for the future, the question is “Are our customers ready for what we plan to make available to them?”

**PATRICK MULLER.** – I understand that the timing issue is crucial.

**HANS MOORE.** – That's exactly right!

On one hand, we're seeking to validate that we are currently in tune with our customers' expectations, and if necessary adjust our offer to make it more suitable, and on the other, to prepare them to adopt our future offer.

Are we late, early, too early in what we're offering them today and what we offer them tomorrow?

And if our offer is innovative, how do we prepare our customers to receive it? Should they be educated? How do we do that?

So, we need a more effective way of exchanging and discussing amongst ourselves and with our customers. We want to set up a range of tools that allow us to take the pulse of our customers and the market.

It's about understanding our customers' current needs, anticipating their expectations and identifying promising solutions.

For this, we need open collaboration and digitization.

**PATRICK MULLER.** – That is very clear.

I've been through the documents you sent me. I've already made an initial diagnosis of your IT environment and outlined a few areas for improvement.

But before going any further, I needed to understand what you're trying to achieve. I'm not telling you anything you don't already know: IT tools are a means to achieve your own objectives.

What you just shared has clarified things for me. Thank you.

**LUCY SAINT-CHARLES.** – The reason I wanted Anna Bolster to be here today is because I was particularly impressed with her recent presentation.

I think everyone who listened to you, Ms Bolster, at our "Passion & Reflection" seminar was equally interested.

I know that the university laboratory that you run is one of the most prominent in Europe on digitization issues.

**ANNA BOLSTER.** – Thank you, Ms Saint-Charles.

**LUCY SAINT-CHARLES.** – Please, call me Lucy. Do you mind if I call you Anna?

*[Anna Bolster nods in agreement.]*

Anna, the redesign of our IT tools – our website, intranet, our presence on social networks, our CRM tools, and so on, support our Excellence programme to serve the proximity and satisfaction of our customers.

In this context, I'd like you to share with Mr Muller your thoughts on the collection, analysis and generation of the numerous data that the West HM Group is already handling and will be handling tomorrow. And on how to optimize their use.

The change in scale we see is very significant. Collaboration between our partners is therefore fundamental.

**ANNA BOLSTER.** – The idea of working with the West Group and its partners is exciting.

If I may, I'd like to come back to one of the questions I asked at your recent seminar. "Why do so many companies make bad decisions? Why is it that, although decision-makers now have access to an unprecedented amount of data, so many of the decisions taken prove to be inadequate?"

**HANS MOORE.** – That's the million-euro question!

**ANNA BOLSTER.** – Why in ancient times did men and women consult the oracle?

**PATRICK MULLER.** – Because they didn't want to be wrong. They wanted to make the right decision, to know the future.



**ANNA BOLSTER.** – Exactly! The future is worrying, or more exactly, not knowing the future ...

By definition, the future is unpredictable, which makes it uncomfortable.

**LUCY SAINT-CHARLES.** – I know what you mean.

**ANNA BOLSTER.** – You know as well as I do, that a decision easier to take when you can assess with relative certainty what the consequences will be.

Hence the appeal of big data, which is, in a way, the oracle of modern times.

**HANS MOORE.** – Which is why we're very interested in big data. The West HM Group intends to eventually embark on developing its own system.

**ANNA BOLSTER.** – That's a great idea. I'd find it hard to dissuade you when the laboratory I head devotes a very large part of its budget to big data.

And yet, I'd like to draw your attention to a little shared data: nearly three-quarters of big data projects are considered unprofitable.

In other words, how is it that having more data does not help us make better decisions?

**LUCY SAINT-CHARLES.** – I find that question really interesting.

What I learned from your presentation at the seminar is that it is the use, interpretation and analysis we make of this data that makes the model complete.

**ANNA BOLSTER.** – Exactly!

What is appealing about quantification is that it gives the impression of simplicity and objectivity. The collective unconscious values what can be measured at the expense sometimes of what cannot be measured.

**PATRICK MULLER.** – Binary systems and objectivity are two of the foundations of computing.

**HANS MOORE.** – Except that all systems involving human beings are complex systems, therefore unpredictable.

**ANNA BOLSTER.** – This is why relying solely on big data paradoxically increases the risks of error and omission.

Don't get me wrong. I think that developing a big data model adapted to your company is entirely relevant. But big data is not all powerful, or omniscient, if you prefer. It has its limits.

**LUCY SAINT-CHARLES.** – That is what I find very reassuring.

It means that what makes the data intelligible, and therefore exploitable, is human intelligence, the experience of men and women and the understanding of human behaviour they have ... even if it's imperfect.

**ANNA BOLSTER.** – Absolutely. It is qualitative data that anchor decisions – like business development decisions – in human issues.

To summarize, qualitative data help to minimize loss of context.

**LUCY SAINT-CHARLES.** – Anna, thank you so much for your demonstration and explanations.

For my part, I am convinced that human intelligence has a very bright future ahead of it. And that companies must continue to invest in the development of their employees.

**HANS MOORE.** – Mr Muller, this is one of the key messages we wish to convey in our digital transformation and the professionalization of our processes: people are and remain at the heart of what we do.

*Fade out.*

*To the music of I Get Around, The Beach Boys, everyone sings:*

Round round get around, I get around, yeah  
(Get around round round I get around, ooh-ooh) I get around  
From town to town (get around round round I get around)  
All through the web (get around round round I get around)  
I'm a real celeb (get around round round I get around)

I'm gettin' bugged mining up from the same old sites  
I gotta find new data that'll serve me right  
My engines and me are getting real well known  
Yeah, the data comes to us soon as we're in the zone

I get around (get around round round I get around)  
From town to town (get around round round I get around)  
All through the web (get around round round I get around)  
I'm a real celeb (get around round round I get around)  
I get around (round, get around-round-round, ooh)  
(Wah-wah-ooh)  
(Wah-wah-ooh)  
(Wah-wah-ooh)

We go digitally 'cause it's never been beat  
And we've never missed yet with the R & D  
No Cambridge Analytica, it wouldn't be right  
But we'll go for big data to all our clients' delight

I get around (get around round round I get around)  
From town to town (get around round round I get around)  
All through the web (get around round round I get around)  
I'm a real celeb (get around round round I get around)

I get around (round, ah-ah-ah-ah-ah-ah-ah)  
Round round get around, I get around, yeah  
Get around round round I get around (ooh-ooh-ooh-ooh)  
Get around round round I get around (wah-wah-ooh)  
Get around round round I get around (ooh-ooh-ooh-ooh)  
Get around round round I get around (ooh-ooh-ooh-ooh)  
Get around round round I get around (ooh-ooh-ooh-ooh)  
Get around round round I get around (ooh-ooh-ooh-ooh)  
Get around round round I get around (ooh-ooh-ooh-ooh)  
Get around round round I get around (ooh-ooh-ooh-ooh)  
Get around round round I get around (ooh-ooh-ooh-ooh)

*Fade out.*



## SET 5

# MATRIX ORGANIZATION: IMPLEMENTING A BUSINESS DEVELOPMENT FUNCTION

The constantly evolving internal and external factors to which it is subject compels the Altrad Group to keep the organization alive by keeping it supple and favouring the dynamics of an organization in motion.

In concrete terms, the Group has chosen to favour the following agile operating methods:

- a small holding company
- respect for the diversity of subsidiaries, in contact with their markets, without any normative constraints on the part of the Group
- the principles of decentralization and subsidiarity, linked to respect for entrepreneurship and favouring the strong position of the subsidiary within (in contact with) its environment
- an evolving organization, served by an agile, permanently reconfigurable matrix structure

This original management method consists of:

- a matrix organization
- autonomy and great freedom of action offered to subsidiaries in a coordinated framework
- a headquarters responsible for strategic decisions, financial control, miscellaneous services and the implementation of transversal projects

The Group's unique matrix organization – and in particular the coordination work carried out by its Progress Units – is an appropriate response to the disruption caused to the Group's organization by the merger operations it conducts.

This agile, functional matrix organization has many advantages:

- control of work processes through better synergy and interactivity between subsidiaries

- optimizing productivity, harmonizing and improving practices by applying the principle of subsidiarity, a form of internal versatility
- lighter and more effective communication
- a human scale that promotes better relations
- capitalizing on the Group's experience

Responsibilities are decentralized, which increases responsiveness, stimulates creativity and inventiveness. Decisions are made more quickly and information flows more easily.

In a changing and unstable economic context, transversal management brings flexibility to the organization, allows constant versatility and adaptation and promotes collective intelligence and innovation.

Altrad intends to maintain this original, agile structure, while adapting it to the new requirements that are emerging as part of its growth, in particular by creating a Business Development function, hosted within a dedicated and centralized Progress Unit.

Indeed, to ensure sustainability, a living organization must be able to constantly adapt and take into account the disorganization of its constituent elements and its external environment on which it depends, by definition, as an open system. It must be able to be autonomous, i.e. agile.

In an effort to maintain agility, the Altrad Group has set up and developed its organization over time in keeping with its size and the structural hurdles to overcome, as well as the complexity of its environment, in the knowledge that the more it grows, the more agile it must be to avoid losing contact with its markets.

In addition, to maintain a high level of performance over the long term, the company must develop its learning capacity and constantly adapt. This dual competence characterizes so-called self-learning and agile companies such as the Altrad Group.

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

For the organization to remain agile, it is necessary to regularly revive the common project and maintain collective mobilization by:

- regularly stating the fundamentals
- questioning why the company exists
- questioning what value it creates
- anchoring the fundamentals in everyday life
- making them part of everyone's behaviour and thinking
- promoting group discussion around the fundamentals

Flexibility, responsiveness and versatility make it possible to increase customer satisfaction and reduce costs through, among other things, synergies, economies of scale and the pooling of resources and skills.

They also reduce inconsistencies and strengthen team spirit, in particular through shared responsibility and a greater sense of initiative. Thus, all the company's functions combine and complement each other in order to achieve a common objective, and this in the interest of all. A rational, intelligent and agile allocation of fundamental resources is key.

The creation, or more exactly the formalization of this Business Development activity, is an integral part of the Altrad 2020 transformation strategy.

## Objective

→ to ensure the company's survival and create the conditions for profitable and sustainable growth, through:

- greater competitiveness
- cost control
- an offer adapted to the needs and expectations of customers

→ to create value for all the company's stakeholders, while respecting the Group's values, safety, ethics and the environment

In a competitive environment, the challenge for any company is to guarantee its survival, and even to grow.

“Economic competitiveness” is generally defined as the ability of an economic sector, a territory (country, economic area, etc.) or a company to sell and supply one or more market goods or services on a sustainable basis in a given competitive market.

In terms of relevance, this challenge could be likened to the search for optimal impact. In other words, how can the company be significant (and recognized as such) in its market(s) for the customers it serves today or tomorrow?

In terms of economics, it is about:

- optimized matching between the company's offer and customer/market demand
- competitive positioning or competitiveness

Losing competitiveness leads to:

- a gradual or rapid weakening of growth
- a decrease in the company's profitability
- a consequent reduction in its investment capacity in a retroactive process where each of these elements contributes to deteriorating the others and weakening the whole in a vicious downward spiral

Preserving or even improving the company's competitiveness is therefore key.

Promising and ambitious, it aims to improve the Group's competitiveness by focusing on two main areas: 1. our capacity for innovation in all areas and 2. customer satisfaction.

Implementing such a business development strategy presupposes that 1. we succeed in coordinating our efforts and talents and 2. we succeed in harnessing the company's energy around the search for new products and services, the conquest of new markets, the improvement (or discontinuation) of existing ones, and cost control.

The challenge is real, because the originality and relevance of a business development approach are based on the ability of the Group and all its players to combine two traditionally opposed, even exclusive approaches, although both seek efficiency through the implementation of a solid and judicious strategy: 1. on the one hand the “voluntarist” Western conception where the strategist creates the conditions for the emergence

of opportunities, a concept that thus follows the path of prior modelling followed by its application and 2. on the other hand the Eastern, and more particularly Chinese, “fluid” concept, where the strategist identifies the existing opportunities of his environment and chooses to exploit them.

The challenge – but also the difficulty or art of implementing this new function – is to succeed in mobilizing everyone towards this objective of controlled, sustainable growth and to infuse a business development mind set, at all levels of the company, so fundamental is it that each Group employee is aware of the importance of his or her contribution to the achievement of our common goal.

The company must therefore 1. on the one hand go beyond a traditionally functional approach, i.e. make several departments work together, 2. and on the other hand simultaneously lead a market orientation and a product/service orientation.

In concrete terms, this means working together to:

- create the conditions for the commitment and increment of the level of professionalism and skills of all employees, in the service of the company’s development, through the satisfaction of our customers
- set up an innovative BD function, both centralized and in close contact with all the Group’s structures, in order to limit the loss of talent, skills and opportunities
- establish new forums for exchange, coordination and decision-making, as well as new routines and methods of exchange and communication to ensure effective, engaging and efficient collaboration

### **Customer satisfaction and innovation, key to the success of Altrad’s development strategy**

→ Design a strategy for the strategy. As seen above, this implies:

- understanding the environment
- identifying current and future societal issues
- defining a singular and relevant success strategy

→ Create a dynamic of constant adjustment between demand and supply. To do so it is necessary to:

- generalize the “strategic watch” function, i.e. be aware of its absolute necessity and make it essential and obvious.
- take the pulse of (listen to) the market and society and detect opportunities, i.e. pick up on individual expectations and the needs of prospects and customers, but also societal changes (CSR: corporate social responsibility, respect for the environment, technological revolutions, knowledge and know how) demographic and geopolitical changes.
- invest in R&D in order to promote a differentiated offer (products and services) thanks to 1. increased quality and features in line with market demand, 2. better control of design, innovation, production, promotion and marketing processes
- convert inventions into innovations



Conventionally, there are two types of innovation:

- operational innovations that respond to environmental demands. New products or services are designed based on the company's existing skills.
- exploratory innovations where ideas are generated with no preconceived idea of their relevance or ultimate usefulness. They are deployed in a process of rupture and the creation of new strategic knowledge and skills.
- rethinking the relations between the different stakeholders, by questioning the time-honoured principle of hard competition, and by exploring new forms of competitive positioning: collaboration, cooperation, cooptition (*Cooptition is a collaboration or cooperation of circumstance or opportunity between different economic actors who, moreover, are competitors. This word "cooptition" is a hybrid construction between "cooperation" and "competition".*)



## ACT V

### **The location**

Lisbeth Singer's office  
Lucy Saint-Charles's office

### **The context**

Following the Operational Excellence workshop, recent events and the "Passion & Reflection" seminar, West HM's Management Committee meets to reflect on the Group's organizational transformation in order to strengthen its agility and implement a new Business Development function.

### **The characters**

Lisbeth Singer (BD Manager at West HM Steelo)  
Jacomo Finzi (Business Developer at West HM Steelo)  
Lucy Saint-Charles (CEO of West HM Group)  
Hans Moore (Director of Operational Excellence at West HM Group)  
Peter Flemming (CFO de West HM Group)  
Paul Black (HR Manager at West HM Group)

### **The companies present**

- West HM Steelo
- West HM Group

## SCENE 1

*Lisbeth Singer's office, West HM Steelo headquarters.*

*Jacomo Finzi is also present.*

*Jacomo Finzi walks up and down, very angry.*

*Lisbeth Singer, sitting at her desk, tries to calm him down.*

**JACOMO FINZI.** – It's unacceptable!

**LISBETH SINGER.** – Jacomo, calm down!

**JACOMO FINZI.** – I don't believe it. That scumbag stole my biggest client and you're asking me to calm down?!

**LISBETH SINGER.** – Nobody stole anyone's client, Jacomo.

Van Innis is in charge of regional business development. He coordinates our development activities.

I work with him, you work with him, he works with us.

**JACOMO FINZI.** – I do not work with that bastard anymore! It's over!

Since when does Steelo let itself be stepped on? That's the new headquarters policy? The guys on the ground are killing themselves to find customers and sign contracts, and then the regional bastards invite them to dinner and blow their own trumpets with Saint-Charles?

I've had it with this!

**LISBETH SINGER.** – Jacomo, please calm down.

I understand why you're mad.

But ... will you let me explain?

**JACOMO FINZI.** – There's nothing to explain. It's perfectly clear!

All this rhetoric about cooperation is bullshit, if you ask me!

Since when do we let our clients get stolen in this company without saying anything?

**LISBETH SINGER.** – If you'll just cool down a little, I'll be able to explain. Your client is still your client.

Van Innis contacted him about a case that doesn't involve Steelo.

**JACOMO FINZI.** – So, I do all the work: the hard prospecting, the nuptial courtship, the discussions praising the bride, and he's the one ...

*[Lisbeth interrupts forcefully.]*

**LISBETH SINGER.** – Stop! That's enough!

What are you, ten?

[Pause]

**JACOMO FINZI.** – [*He calms down a bit. Pause*] Okay, I'm listening.

**LISBETH SINGER.** – All right. Let me explain.  
Your client, I repeat, remains your client. Okay?

[Pause]

Remember when we were invited to that workshop on Excellence?

[*Jacomo nods.*]

We all agreed that we needed to improve the way we work together.

[*Jacomo prepares to speak again.*]

*She stops him with a wave of her hand.*

Wait! Let me finish!

So, the idea is to improve our collaboration.

We can't keep on working like we did before, Jacomo.

**JACOMO FINZI.** – Before what?

**LISBETH SINGER.** – Before the acquisition of Steelo by the West HM Group.  
We can't go it alone.

**JACOMO FINZI.** – But why change a good working method, tell me?  
We've been working with this client for five years. And all of a sudden, Van Innis shows up, and ...?!

[*He's starts showing signs of irritation.*]

**LISBETH SINGER.** – Easy, boy!  
Van Innis didn't just show up.  
He's working with "your" client on a project that Steelo can't handle. Another Group company will get the contract.  
He's not stealing anything from you, understand?  
He is involved in a problem that Steelo cannot handle.

**JACOMO FINZI.** – Oh, yeah? We're not good enough?

**LISBETH SINGER.** – That has nothing to do with it! That's not the point at all!  
We cannot deal with this problem, simply because it doesn't fall within our area of competence. It's not our job

[Pause]

I'll start again. Better cooperation doesn't mean we steal customers like you think we do.  
It means that we manage projects and key accounts on a regional level, in order to optimize customer satisfaction.  
For the Group, this is the way to better coordinate the actions of all business developers and ... develop the business, precisely.

**JACOMO FINZI.** – We develop the business.

**LISBETH SINGER.** – That is absolutely correct. And you, like all Steelo business developers, are doing a great job.

But you have to think “consolidated”, “big picture”.

*[Pause]*

What do you think your client will do if West HM can’t meet their new expectations, where we don’t intervene since it’s not our business?

**JACOMO FINZI.** – He’ll go elsewhere, of course.

**LISBETH SINGER.** – Exactly!

And what do you think the Group’s competitors will do if they’re able to meet your customer’s new expectations?

**JACOMO FINZI.** – Probably also try to get the client back for the activities where Steelo is present.

**LISBETH SINGER.** – There you go!

If West HM is able to satisfy your client – and everyone else – across their entire value chain, it builds loyalty. Actually, Van Innis is securing our relationship with your client. If we play solo, we shoot ourselves in the foot!

*[Pause]*

I know these are new work habits, Jacomo, and it’s not easy. But, I assure you, everyone wins in a system like this.

**JACOMO FINZI.** – Okay.

And my bonus?

*Fade out.*

## SCENE 2

*Lisbeth Singer's office, at West HM Steelo headquarters.*

*To the music of Let It Be, The Beatles, Jacomo and Lisbeth sing:*

*All*

When I find myself in times of trouble  
BD PU comes to me  
Speaking words of wisdom  
Let's BD!

In my hour of darkness  
It is standing right beside of me  
Speaking words of wisdom  
Let's BD!

Let's BD, let's BD, let's BD, let's BD  
Whisper words of wisdom  
Let's BD!

And when every salesperson  
Working alongside us agrees  
Then there is an answer  
Let's BD!

We sometimes fight and compete there is  
Still a chance that we will see  
Teamwork is the answer  
Let's BD

Let's BD, let's BD, let's BD, let's BD  
Teamwork is the answer  
Let's BD!

Let's BD, let's BD, let's BD, let's BD  
Whisper words of wisdom  
Let's BD!

And when the fight gets grisly  
And we're wrestling other companies  
We will take the lead  
Let's BD!

When I doubt an opportunity  
BD PU comes to me  
Speaking words of wisdom

Let's BD!

Let's BD, let's BD, let's BD, let's BD

Teamwork is the answer

Let's BD!

Let's BD, let's BD, let's BD, let's BD

Whisper words of wisdom

Let's BD!

*Fade out.*



### SCENE 3

*Lucy Saint-Charles's office at West HM Group headquarters.*

*Also present are Hans Moore, Paul Black and Peter Flemming (CFO of West HM Group)*

*All are gathered to discuss the strengthening of West HM Group's agility and therefore its organizational transformation that is moving towards the implementation of a Business Development function.*

**LUCY SAINT-CHARLES.** – Before we begin our executive committee, I'd like to show you a short video by Bobby McFerrin *In Search of the Common Chorus*. I'll say no more, we'll talk about it right after, okay?

[*Lucy starts the video: <https://www.youtube.com/watch?v=ne6tB2KiZuk>.*]

So? What did you think?

**HANS MOORE.** – It's great! I love it! It's incredible!

**PAUL BLACK.** – The audience isn't bad either. It's amazing how they can all sing together without even consulting each other.

**LUCY SAINT-CHARLES.** – The magic of the pentatonic scale ...

**PAUL BLACK.** – And in the end, with really simple, basic choir direction, reduced to its simplest form.

Bobby McFerrin gives the impetus, shows the direction and the choir organizes itself. That is so awesome!

**PETER FLEMMING.** – Let's not overdo it, Paul. It's still a pretty simple exercise.

**PAUL BLACK.** – I don't agree. It's not that simple. It works because the public knows the scale McFerrin is using.

**HANS MOORE.** – The incredible thing is, they haven't even rehearsed before. As you say, Paul, they manage to create harmony, all together, because they all share the pentatonic scale culture.

**PETER FLEMMING.** – Maybe, but it's not a symphony either. It's relatively basic.

**PAUL BLACK.** – Okay, it's pretty basic, but it works!

And did you see the enthusiasm? Even the brain specialists on stage seem amazed. Did you feel the level of energy it generates?

**HANS MOORE.** – What strikes me is how responsive the audience is. It's almost like it's ahead of McFerrin's expectations.

**PAUL BLACK.** – That's exactly it. They anticipate the options available to them, and manage to act really fast as soon as they perceive the direction they are invited to go in.

**HANS MOORE.** – I really liked the moment when McFerrin gives an instruction that can't be performed by the choir, when he shows two notes at the same time by spreading his legs, and the audience doesn't know which one to sing.

**PAUL BLACK.** – Talk about a metaphor for double injunctions! It's awesome!  
If we wanted to show how two instructions that go in opposite directions create confusion and incapacitation, we couldn't have done better.

**PETER FLEMMING.** – In fact, the message is that when you know which score to play, which scale to sing in, it's easy to coordinate with others.  
Okay, nice video, Lucy.

**PAUL BLACK.** – I loved it.

**LUCY SAINT-CHARLES.** – I'm so glad you did.  
Not a bad introduction to the Group's organizational transformation, is it?  
The agenda of the day is deliberately focused on a single point: the organizational transformation of the Group, which involves strengthening its agility and setting up a Business Development function.  
The objective is to better coordinate our actions, make the Group more agile and better able to identify growth opportunities.  
Creating sustainable value, performance, to serve our customers and all our partners ... That's the programme!

**PAUL BLACK.** – Good thing there's only one item on the agenda!

**HANS MOORE.** – One of our challenges is to maintain the agility and responsiveness of the West HM Group as we continue to grow.  
What was relatively easy five years ago is now much harder.

**LUCY SAINT-CHARLES.** – One of the difficulties is that we need both stability and momentum.  
We need a certain level of security, protection, known to guarantee resilience, reliability and efficiency.  
But we also have to be proactive, flexible, quick ... on the ball, basically!

**PAUL BLACK.** – Our teams need that measure of stability. It reassures and protects. It gives them a framework of references.  
Clearly, the values of the Group, its culture, are our own pentatonic scale.

**LUCY SAINT-CHARLES.** – Absolutely.  
And I want us not only to maintain our values, but also to reaffirm them. They are the foundation of our culture.  
At the same time, the Group is evolving, has evolved. Our culture has to take these developments into account.  
And one of the evolutions we propose is to implement a Business Development function.

**HANS MOORE.** – This will necessarily have an impact on Group culture in terms of collaboration.

Attitudes will have to change on this point.

**PAUL BLACK.** – And it won't always be easy!

I spoke recently with Lisbeth Singer of West HM Steelo. She told me her team are feeling the strain. Our initial attempts to coordinate development efforts at regional level have not been very well received.

**PETER FLEMMING.** – Or understood.

There's work to be done to educate and raise everyone's awareness. Especially with so many implications involved. In terms of allocating commercial and financial results, adjustments are necessary.

**LUCY SAINT-CHARLES.** – The whole business will be impacted by this new organization.

I see at least three organizational areas that will be affected:

*[She counts on her fingers: 1, 2, 3 at the same time as she states the three points.]*

- The organizational structure itself, I mean where the distribution of resources is defined, whatever they may be.
- Governance, which dictates our decision-making processes.
- The processes that determine the actions themselves, including performance management.

**PAUL BLACK.** – That's a lot of changes!

**HANS MOORE.** – Yes and no.

West HM has long been committed to a non-hierarchical, matrix organization.

We have always favoured a small holding company, respect for the diversity of subsidiaries that are as close as possible to the field and the markets, the principles of decentralization and subsidiarity and an evolving, self-learning and agile organization. We are just going one step further in our reasoning to adapt our way of working to our new reality.

**PETER FLEMMING.** – And to our performance and profitability objectives.

**PAUL BLACK.** – Lucy, how do you see this new BD function?

**LUCY SAINT-CHARLES.** – We keep the current structure: the holding company, the Progress Units, the subsidiaries, the regional dimension ... We don't touch anything! The subsidiaries retain considerable autonomy of initiative and action; headquarters remains responsible for strategic decisions, financial control and the implementation of transversal projects; and the PUs continue to coordinate and manage projects that fall within their area of competence.

We just widen the circle to a new central Progress Unit dedicated to business development.

**HANS MOORE.** – Like all the other Progress Units, this central BD PU will have a management and coordination role for the more regional and local entities.

The idea is to set up a team whose main mission will be to coordinate development projects. Today, some opportunities are being missed: either because we're not informed, or not informed in time, which is the same thing. Or else because the information arrives at a point where it cannot be processed in an optimal way. Or else because we don't put the best interlocutors in front of our clients.

With this central BD, we want to tighten the mesh of the net so as to limit the loss of opportunities and better serve our clients.

**PETER FLEMMING.** – The objective seems clear to me:

On the one hand, to ensure the company's survival and to create the conditions for its profitable and sustainable growth: we're talking about increasing competitiveness, controlling costs and adapting our offer to customers' requirements and needs.

On the other hand, to create value for all stakeholders, while reaffirming our values and principles: safety, ethics, respect for the environment, humanism ...

To put it in more "economic" terms, it's about optimizing the match between supply and demand and strengthening West HM's competitive positioning and competitiveness.

**HANS MOORE.** – This includes our ability to innovate in all areas and the attention we must all pay to satisfying our customers.

It's one of the centrepieces of the puzzle. We are still talking about excellence here.

**PAUL BLACK.** – In concrete terms, what will the role of this central BD be?

**LUCY SAINT-CHARLES.** – It is a multidisciplinary role and a plural mission.

Develop the Group's business strategy in collaboration with headquarters, translate this strategy into action plans and coordinate them.

Create the conditions for the proper execution of the strategy by all entities and business developers.

And finally, anchor the strategy through mechanisms such as self-learning, learning programmes on the knowledge acquired ...

**PAUL BLACK.** – It's going to be important, Lucy, to communicate your vision for West HM.

**LUCY SAINT-CHARLES.** – That's the plan! I've been working on it for a few weeks and I should be able to make a presentation to all our teams very soon.

[Pause]

Paul, to come back to your recent discussion with Lisbeth, our challenge will be to mobilize everyone towards this goal of controlled and sustainable growth.

It's essential that we succeed in instilling a business development mindset at all levels of the company.

All Group employees must be aware of the importance of their contribution to achieving our common goal.

We need everyone on board to make this transformation a success.

**PAUL BLACK.** – I see the ambition of the task: that everyone – business developers in particular – should be performance, growth, collaboration and excellence oriented. Is there a plan to provide the necessary resources to train the teams?

**LUCY SAINT-CHARLES.** – Absolutely!

We must continue to invest in the development of our employees: individual and collective training, coaching, e-learning ... all the options must be explored.

And as we said earlier, it's our way of working together that we have to reassess and develop. We need to organize collaboration.

**HANS MOORE.** – This means making information exchange more fluid, favouring regular meetings within and between teams, fostering dialogue and the exchange of ideas, both internally and with our partners, sharing the best practices and solutions tested elsewhere and which have worked ... In short, communicating, communicating and communicating!

**PAUL BLACK.** – And perhaps also rethinking the remuneration system. I'm thinking in particular of incentives. The system must encourage collaboration. Therefore, it seems to me that part of the remuneration must be based on the achievement of common objectives and the team's results.

**PETER FLEMMING.** – Several models are under study.

**LUCY SAINT-CHARLES.** – We've started work on a lot of projects recently.

But in fact, they all converge towards the same objective: to satisfy our customers, to strengthen their confidence in West HM so that we have the means for efficient, sustainable and ethical growth.

**HANS MOORE.** – To succeed, we need to unleash constructive energies and individual potential. This requires a broad programme of excellence covering not only the way we are organized, our organizational agility, but also the way we develop our activities, our working methods and processes and our ability to innovate continuously, to remain relevant for our clients.

**LUCY SAINT-CHARLES.** – Team, team, team!

It's only by uniting in a clear and shared goal that we'll continue to work together for the success of West HM.

Gentlemen, here's to boldness, solidarity, sincerity and imagination ... and much success in the future!

## SCENE 4

*All the actors of the five acts are gathered on the stage.  
To the music of Imagine, John Lennon, they sing:*

*All*

Imagine there's some teamwork  
It's easy if you try  
Nimble institution  
Above all, is spry  
Imagine all the people craving agility

Imagine no hierarchy  
It isn't hard to do  
A flat structure to live for  
And work connection too  
Imagine all the people working nimbly  
You may say I'm a dreamer  
And I'm not the only one  
I hope someday you'll join us  
And the Group will be as one

Imagine cooperation  
I know that if you can  
There'll be no competition  
A group tight as a clan  
Imagine all the people working and progressing  
You may say I'm a dreamer  
And I'm not the only one  
I hope someday you'll join us  
And the Group will be as one

*Fade out.*

## CLOSING

*To the aria E. Lucevan le Stelle, Tosca, Puccini*

All?

One? And the stones were joined together

And the walls were built

And the gesture repeated

Ten times, a hundred times, maybe a thousand

But there's no need to count

When you are passionate.

Come, my friend! Come! Let our efforts be joined

How true it is that both of us, you and I, are stronger together.

Let us build, build and tomorrow, our relentless quest

Will brighten our days.

Brother, let us sing together, building is our life!





# APPENDICES



## APPENDIX A

# INTRODUCTION: PRELIMINARY POINTS

January 2018

## KEY WORDS

*Growth, business development, strategic vision, commercial policy, future directions of the company, strategic intelligence, value chain, new markets (territories, products and services)  
Collaboration, integration, pluri-disciplinarity, transversality, multi-level competencies  
Data, analysis and market research*

## INTRODUCTION

In a context of competitive pressure, a certain slowdown in growth, falling corporate profitability, a constantly changing global environment and an unemployment rate that remains a cause for concern, do French and European companies have any other choice than to seek – with agility and inventiveness – new opportunities and new sources of growth?

Imported from the United States, business development, which is still relatively unknown in Europe, is a strategy that creates value for all the company's stakeholders, while respecting sustainable development.

Promising and ambitious, the strategy aims to improve the competitiveness of organizations by focusing on two main areas: 1. innovation capacity and 2. customer satisfaction.

Implementing a business development strategy entails coordinating efforts and talents and uniting the company's energy around the search for new products and services, conquering new markets, improving (or abandoning) existing ones and controlling costs.

Nothing very new, in short ... except that the originality and relevance of a business development approach is based on the ability of a company and its stakeholders to reconcile two traditionally opposed, even mutually exclusive approaches, although both seek efficiency through the implementation of a solid, sound strategy: 1. on one hand the

“voluntarist” Western conception where the strategist creates the conditions for the emergence of opportunities, a conception that therefore follows the path of prior modelling followed by its application and 2. on the other hand, the Eastern, and more particularly Chinese, “fluid” conception, where the strategist identifies the existing opportunities in his environment and chooses to exploit them.

Thus, the challenge – but also the difficulty or art of implementing a business development-orientated function and organization consists 1. on the one hand of going beyond a traditionally functional approach, i.e. by getting several departments to work together, 2. and on the other hand, of leading both a market orientation and a product/service orientation.

## DEFINITION

Business Development is a lever for company competitiveness. As the art of mobilizing different stakeholders (both internal and external), it covers the tasks and processes involved in the preparation and support of development management and the implementation of growth opportunities, within the company and between several organizations.

Business development is the long-term value creation of organizations through:

- customers (retention and attraction of new customers)
- markets (expansion of the commercial offer through the development of new products and/or services)
- and external relations (partnerships)

Historically, what has tended to be excluded from the scope of business development in the past were:

- strategic decisions
- the actual implementation of the said growth opportunities

In practice, the term “business development” and the corresponding function, that of “business developer”, have evolved into a wide range of practices and applications. Which makes it difficult to discern a unique characteristic or set of characteristics for the activity and function.

Thus, the function covers several areas of competence and responsibility:

- IT (programming and data management)
- Marketing
- Sales and relationship development for customers and prospects
- Key account management activities

This has led to some uncertainty as to the impact, particularly as a source of profits, of an activity that has been developed in companies fairly recently.

The lack of a specialized doctrinal literature on the subject also testifies to the relative novelty of the activity as such.

Developing a business involves identifying growth opportunities and defining an effective and relevant sales strategy.

Many conditions govern the success of these tasks, including:

- the will to do (ambition) and the definition and sharing of the related vision
- recruiting the right talent
- providing the resources (financial, technical, human, etc.)
- customer relationship management
- the conquest of new markets but also, the implementation of a new function – the BD function – at the crossroads of several departments and/or functions.

The table below provides a first overview of the possible distribution of roles between:

- management
- BD
- the organization as a whole

	Description	Role of management	Role of the Business Development function	Role of the organization
<b>Developing strategy</b>	Synthesis of data and reports on competition, sector by sector, to identify and evaluate possible options	<ul style="list-style-type: none"> <li>• Participate in data collection</li> <li>• Lead strategy discussions</li> <li>• Establish the hierarchy of strategic priorities</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate the collection of information</li> <li>• Analyse options and generate development hypotheses</li> <li>• Facilitate the debate on strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive input</li> <li>• Customer input</li> <li>• Input performance</li> <li>• New business ideas</li> </ul>
<b>Translating strategy</b>	Translation of the strategy into specific KPIs and operational outcomes	<ul style="list-style-type: none"> <li>• Approve investments</li> <li>• Communicate strategies</li> <li>• Adapt budgets to strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Translate strategy into operational outcomes</li> <li>• Define strategic projects</li> </ul>	<ul style="list-style-type: none"> <li>• Lead or actively participate in the execution of the project</li> </ul>
<b>Executing strategy</b>	Execution of strategic projects	<ul style="list-style-type: none"> <li>• Communication over time on the changes induced</li> <li>• Performance reporting</li> <li>• “Sponsorship” projects</li> </ul>	<ul style="list-style-type: none"> <li>• Lead the defined strategic projects</li> <li>• Supervise the implementation and deployment of the programme</li> </ul>	<ul style="list-style-type: none"> <li>• Lead or actively participates in the execution of the project</li> </ul>
<b>Anchoring strategy</b>	Enable the organization to work in new ways through appropriate training, tools and techniques	<ul style="list-style-type: none"> <li>• Sponsor initiatives</li> <li>• Performance reporting</li> <li>• Corrective actions</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a self-learning mechanism based on experience</li> <li>• Transmit learning to management</li> <li>• Re-fuel the strategy cycle</li> </ul>	<ul style="list-style-type: none"> <li>• Provide information (input) on key learning to the BD function</li> </ul>



## APPENDIX B

### ISSUES AT STAKE

*Your strategy needs a strategy.*

MARTIN REEVES

### ISSUES AT STAKE

The issue is the competitiveness of companies in an environment that is almost unanimously described as competitive, changing, volatile and unpredictable. In other words, it is about enabling organizations not only to survive, but also to grow while controlling the intrinsic dangers of growth.

How can we achieve this goal? Organizational and managerial literature is full of solutions, proposals for creating value, “trendy” organizations, predefined managerial styles, all of which are reputed to be effective and proven, at a given point in the history of business, in a given environment. However, many strategists agree that the time when companies could achieve success through a strategy structured around 1. Analyse, 2. Plan and 3. Execute, is over.

Reality – as always when viewed in a live context – proves to be complex and resistant in the long term to “infallible” and “universal” methods. Our belief – influenced by the findings of neuroscience and systems science – is that the world of organizations is inevitably moving towards an ultra-personalized strategic approach that takes into account 1. the unique characteristics of a given company (its environment, mode of organization, economic, financial and technical/technological resources, culture and talents) and 2. constants that are common to systems, while reasoning in terms of appropriateness.

If a single strategic approach is no longer appropriate given the diversity of circumstances faced by the different dimensions of an organization – let alone an international group – then how can we approach the challenges facing companies and think about, or even imagine appropriate solutions? In other words, what strategic approach to success should be promoted in the specific environment the company is faced with?

Is Business Development, a strategic approach recently imported from the United States, THE value creation strategy for all the company’s stakeholders?

What is the pertinence (i.e. space-time fit) of this strategic approach? Does the concept cater for the uniqueness of each organization and does it contain the keys to constant adaptation?

To what extent does such an approach allow the expression and deployment of all human ingenuity in the science of success?

Before taking a closer look at the business development approach, let us take the time to think strategically about strategy.

Strategy is the means, the instrument or tool that makes it possible to “do the work”.

What kind of work? That of winning competitively in a given situation.

To better understand this particular situation, we need to examine the organization’s environment through three questions:

1. Question of predictability: Can we predict the environment, so plan ahead?
2. Question of malleability: Can we act on the environment, thus shaping and transforming it?
3. Question of hostility: Can we survive the environment, so overcome difficulties?

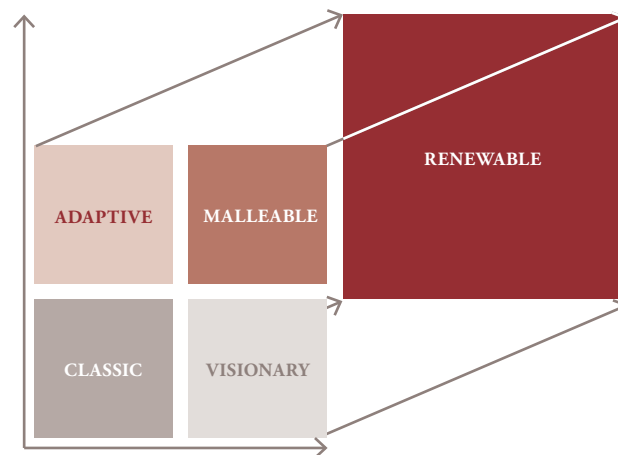
Linked to the answers to these three questions, the “solution” lies in identifying the strategic approach that can maximize and optimize the chances of success while taking into account the incredible diversity and volatility of the environments to which organizations are exposed.

The strategic approach must be pertinent, i.e. appropriate in terms of space (the overall context) and time (timing). No solution can take on all the advantages of universality and address all the problems and situations.

Five types of environments are identified, to which five different strategic proposals correspond. Each of these environments is understood – and therefore defined – according to three criteria:

- degree of predictability or unpredictability
- degree of malleability or stiffness
- degree of toughness (hostility) or clemency

### STRATEGIC APPROACHES TO SUCCESS





The following table presents these five types of environments and the strategic approaches potentially best suited to each of them.

	Classic environment	Adaptive environment	Visionary environment	Malleable environment	Renewable environment
Characteristics	<ul style="list-style-type: none"> <li>• High level of predictability</li> <li>• Strong brands</li> <li>• Limited technological change</li> <li>• Stable regulation</li> </ul>	<ul style="list-style-type: none"> <li>• Turbulent technological environment</li> <li>• Virtual impossibility to anticipate</li> <li>• Shifting and changing environment</li> </ul>	<ul style="list-style-type: none"> <li>• Environment of entrepreneurs, who create and shape their environment by creating new products and services, new styles and models of organization.</li> </ul>	<ul style="list-style-type: none"> <li>• Possibility of influencing the environment but not anticipating it</li> <li>• Typical ecosystem situation in which many companies collectively reshape an industry.</li> </ul>	<ul style="list-style-type: none"> <li>• Environment in transformation</li> <li>• Particularly harsh/severe conditions</li> </ul>
Strategy	<ol style="list-style-type: none"> <li>1. Analyse</li> <li>2. Plan</li> <li>3. Execute</li> </ol>	<ol style="list-style-type: none"> <li>1. Experiment</li> <li>2. Select</li> <li>3. Adjust</li> <li>4. Proceed by iteration</li> </ol>	<ol style="list-style-type: none"> <li>1. Imagine</li> <li>2. Realize and accomplish</li> <li>3. Operate</li> </ol>	<ol style="list-style-type: none"> <li>1. Influence</li> <li>2. Collaborate</li> <li>3. Orchestrate</li> <li>4. Co-evolve</li> </ol>	<ol style="list-style-type: none"> <li>1. Concentrate (focus)</li> <li>2. Activate</li> <li>3. Free up resources</li> <li>4. Move towards another approach or strategy</li> </ol>
Comments		<ul style="list-style-type: none"> <li>• If we cannot plan, then let's not try. That way, we avoid inappropriate allocation of resources.</li> <li>• If we cannot plan, then let's draw inspiration from the laws and principles of biology</li> </ul>	<ul style="list-style-type: none"> <li>• Creativity is a skill and an attitude to develop and encourage</li> </ul>		<ul style="list-style-type: none"> <li>• The objective here is not to gain a competitive advantage but to survive</li> </ul>

*Any attempt to define a strategic business development approach must be accompanied (upstream and then on an ongoing basis) by a review of the environment to define the most appropriate strategy, taking into account the specifics of the company in question.*

## BUSINESS DEVELOPMENT (BD)

*Business Development (BD), “a strategy of constant search for opportunities leading to value creation for all the company’s stakeholders allows the use of an ambidextrous approach to innovation conducive to restoring companies’ competitiveness”<sup>1</sup>.*

It allows simultaneous product and market orientation, where two areas are concurrently favoured:

- the capacity for innovation
- customer satisfaction

How else can we think of the relationship between these two areas, usually addressed independently of each other?

Transcending strictly functional logic (silos), BD relies on collaboration and interdependence (thus complexity) by having several departments work together within the company: R&D, marketing, and sales.

The question then is, how do companies implement this BD function?

What type of organization and management are required to initiate and deploy?

What skills, talents, career paths and profiles should be recruited, developed and retained?

### **Objective: To ensure the company’s survival and create the conditions for profitable and sustainable growth through increased competitiveness**

In a competitive environment, the challenge for any company is to ensure its survival and to grow.

Generally speaking, “economic competitiveness” refers to the ability of an economic sector, a territory (country, economic region, etc.) or an enterprise, to sell and supply one or more goods or services on a given market on a sustainable basis in a competitive situation.

Expressed in terms of relevance, this issue could be likened to the search for optimal impact. In other words, how can the company be significant (and recognized as such) in its market(s) for the customers it serves today or tomorrow?

To use a more economic terminology, we are talking here about:

- optimized matching between the company’s offer and the demand of its customers/ market
- competitive positioning or competitiveness

Losing competitiveness leads to:

- a gradual or rapid weakening of growth
- a decrease in the company’s profitability

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1. Catherine de Géry and Anne Brunet-Mbappe, *Objectif Business Development, Dans la peau des Business Developers*, Éditions EMS Management & Société, 2015.

- a consequent reduction in its investment capacity in a logic of retroactivity where each of these elements contributes to deteriorating the others and weakening the whole in a downward spiral.

Preserving or even improving the company's competitiveness is therefore a key factor.

### **Means: Innovating and finding new markets**

#### *Design a strategy of the strategy*

As seen above, this implies:

- Understanding the environment
- Identifying current and future societal issues
- Defining a unique and relevant strategy for success

#### *Create a constant process of adjustment between demand and supply*

To this end, it is necessary to:

- Generalize the “strategic intelligence” function, i.e. measure its absolute necessity and make it essential and obvious
- Take the pulse of the market and society and identify opportunities, i.e. understand the expectations and individual needs of prospects and customers, but also societal changes (CSR: corporate social responsibility, respect for the environment, technological revolutions, respect for ethical rules, knowledge and know-how and so on) as well as demographic and geopolitical changes
- Invest in R&D to promote a differentiated offer (products and services) thanks to 1. increased quality and features in line with market demand, 2. better control of design, innovation, production, promotion and marketing processes

- Convert inventions into innovations

Conventionally, there are two types of innovation:

- operating innovations that respond to environmental demands. New products or services are designed based on the company's existing competencies.
- exploratory innovations where ideas are generated with no preconceived idea of their relevance or usefulness in the long term. They are deployed in a logic of rupture and the creation of new strategic knowledge and skills.

We underline that the sustainability of an organization depends on its ability to engage in operating innovation to ensure current viability and exploratory innovation to ensure future viability.

- Think differently about relations between the different stakeholders, by questioning the time-honoured principle of hard competition and by exploring new forms of competitive positioning: collaboration, cooperation, cooptation. (*Cooptation is a collaboration or cooperation of circumstance or opportunity between different economic actors who, moreover, are competitors. The word “cooptation” is a hybrid construction of “cooperation” and “competition”.*)

### **Relevant strategic option: Implementing a business development strategic approach**

Such an approach is based on the principle – apparently simple and obvious – of placing customer satisfaction at the heart of the strategy, the ultimate measure and guarantee of the organization's *raison d'être*.

Considering a strategy of success in this area is somewhat paradoxical: it is not by actively seeking success for its own sake, that success will come. It is rather by seeking ways to have the most significant impact on the lives of its customers that a company will achieve the commercial and financial success it aspires to.

It is generally accepted that the two levers to stimulate demand (i.e. to create and develop markets) are based on innovation and marketing, with a commitment to controlling costs, promoting excellence and respecting the global ecology of the company and its environment.

#### *Developing an ambidextrous approach to innovation*

To be sustainable, a company must be ambidextrous: efficient in the short term and innovative in the long term.

In other words, the aim is to jointly promote and develop the capabilities and skills of exploration and exploitation.

#### *Creating the conditions for genuine collaboration*

Genuine and effective collaboration presupposes the sharing of a community of interest and an understanding of the business lines, functions, roles, constraints and stakes of each other.

The objective here is to mobilize stakeholders to work towards creating synergies and cross-cutting functions, working in collaboration to:

- transcend any conflicts that may arise between seemingly irreconcilable short-term and long-term objectives.
- overcome the financial constraints that force the company to choose between 1. product orientation based on a search for innovation that is potentially disconnected from the market and 2. market orientation that carries a risk of reducing the capacity for exploration innovation.

Internally, the aim is to favour:

- the reduction of silo operation, and
- collaboration between different functions of the company to promote an optimized combination of technological and business skills.

Externally (relations with customers and competitors), it is a matter of:

- promoting a coopeitition approach, and
- developing open innovation strategies in order to overcome financial constraints, create “winning” synergies, and increase the relevance of the response of the company/industry to market needs (in particular in a context of the shortened life cycle of products and services that requires increased innovation).

In order to work out, design, implement and deploy a strategic approach to business development the organization must also be able to:

- act as a business developer, i.e. validate the adaptation of its culture and skills to the new requirements mentioned above,
- acquire and develop the necessary talents and set up a dedicated business development function, and

- rethink its organization and functioning – if necessary – in order to support the preceding choices and place current and future customer satisfaction at the heart of its concerns (if not already the case) on one hand, and the active and continuous search for new development opportunities on the other.



## APPENDIX C

# THE BUSINESS DEVELOPER: FUNCTION, ROLE AND PROFILE

*1 February 2018*

## INTRODUCTION

Growing revenue and profit is a core strategy for most commercial companies. In theory, each of the organization's functions works to achieve this objective. So why create a new function? Where does this need for cooperation and convergence of efforts and strategies come from?

The environment in which companies operate today is often described as highly competitive. The question for leaders and their teams is therefore what strategy to adopt to survive and grow in a potentially hostile environment.

One of the answers provided by a number of Silicon Valley start-ups is actually the opposite of what Western management manuals and business schools have been advocating for decades. Indeed, it is now all about solidarity, mutual aid and trans-disciplinarity rather than (merely) increased competition, and aggressive commercial behaviour prompted by a desire for domination.

Fairly recently in the United States these technology start-ups have created the function of "growth manager" (GM) or "business developer" (BD). By jointly addressing product development and marketing, these companies are breaking with a tradition of operating in silos, rethinking their approach to sustain strong growth and achieve exceptional results. And, as part of the process, they invite the collaboration of all the stakeholders to create more value.

The paradigm shift introduced by creating the business development function strikes us as very interesting. Indeed, recent research (biology, ethnology, epigenetics, etc.) has reconsidered our understanding or, more precisely, rehabilitated a more accurate interpretation of Darwin's work and the theory of evolution.

For a long time, collective thinking tended to assimilate the "law of the jungle" and the "law of the fittest". Darwin's theory argues that it is the organisms, beings and groups

best adapted to their environment and its evolution that survive, and not necessarily the strongest.

Furthermore, it is interesting to understand the conclusions of Darwin – whose work was mainly undertaken in the Galapagos Islands, an environment of abundance – in light of the conclusions of the research of geographer and anthropologist Piotr Kropotkin carried out in a hostile environment. In such an environment, Kropotkin found that the organisms that survive best are those that help each other the most, i.e. those that associate most closely.

In a way, the emergence of the business development function could be seen as an organizational and managerial translation of the theory of evolution.

Like many innovations, this new organizational will likely spread to larger and more mature companies wishing to operate in an entrepreneurial and adaptive mode, inspired by the laws of the living world.

The mission of business developers is clear: to generate growth by identifying new business opportunities through the implementation of a broader, transversal, collaborative operation.

To help to grasp their role, let's examine the scope of their activity based on a number of job descriptions published by recruitment firms and companies.

## FUNCTION AND ROLE OF THE BUSINESS DEVELOPER

The objective of the development manager or business developer is to determine the future strategic orientations of the company and commercial policy in order to ensure the organization's growth by conquering new markets.

Multidisciplinary and even transdisciplinary by nature, the responsibility of business developer covers a range of activities, placing their function at the intersection of “product development”, marketing, sales, legal, financial, customer management functions.

It focuses on:

- the search for new types of products or services that the company could produce as well as the promotion of the existing offer likely to create bridges between the company's current and future activity
- the acquisition of new customers through innovative marketing strategies capable of targeting the needs of these future customers
- customer activation and retention
- stimulating sales and penetrating new markets in which the company is not yet present
- leading project teams and external partnerships

### **Positioning in the organizational chart**

The GM or BD usually reports directly (or is hierarchically and/or functionally linked to):

- the CEO
- and/or the Vice President/Commercial Director
- and/or the Vice President/Director in Charge of Product Management
- and/or the Vice President/Marketing Director



He or she works closely and cross-functionally with the engineering, analysis, product management, operations, legal and marketing departments.

### **A multiple role**

As indicated in a previous paper (23 January 2018), the scope of business development is particularly broad:

- Sales
- Marketing
- Strategic Initiatives and partnerships
- Project management and planning
- Product management
- Commercial relations management
- Negotiations, network building and lobbying
- Cost control

The BD role is therefore both multiple and strategic for the company. It consists of defining and executing the organization's growth strategies.

Thus, the responsibilities are divided into three areas:

- define the organization's growth plan (often in collaboration with company management)
- coordinate and execute growth programmes
- optimize the "funnel" of revenues and contribute to cost control

### **Data, the fuel for the business development function**

The analysis and study of markets should enable the BD to:

- detect new potential customers likely to translate into new market shares for the company
- identify and develop new products and/or services (or improvements to the existing offer), allowing the organization to expand its commercial offer
- forge new partnerships that create synergies and increase the company's influence for increased customer satisfaction

Prior to deploying these three areas, the GM or BD and their team work on implementing a solid data infrastructure, allowing them to:

- analyse customer habits, needs, behaviours and even challenges, country by country, region by region, sector by sector, or activity by activity
- define and test targeted products or services
- prioritize growth and product and service modification initiatives
- determine an adjusted sales strategy/customer management
- allocate internal resources accordingly

The development, integration and management of these databases is most often the responsibility of the GM or BD and their team.

Once collected and analysed, these data contribute to defining the development strategy and its day-to-day management.

In order to define a growth objective, the GM or BD must typically answer or contribute to the reflection on two main questions:

- Where should the company focus its growth efforts, and therefore what is the optimal resource allocation?
- How to quantify, monitor and understand any gaps between the objectives set and the results achieved in order to make the necessary strategic adjustments to reduce them?

Strategic intelligence is obviously a vital part of this job.

### **Drawing up a business model and a development budget**

Typically, once a development opportunity has been identified, the BD:

- creates a business model which, once accepted and validated by management, will serve as a guiding principle throughout the deployment of the new project,
- prepares a budget accordingly and submits it to a panel of decision-makers, and
- once this budget has been validated, he or she will assemble the internal project team that will be in charge of turning this opportunity into a reality.

### **Setting up a trial period and managing the tests**

Specific to technological start-ups, this test phase can also be extended to more mainstream activities.

A trial period of the new offer (products, services, conditions, etc.) may be useful or even essential. It is the BD's responsibility to set up the framework to allow projects and ideas to be prioritized by dealing with three main dimensions:

- What could be the impact of change if it succeeds?
- What is the level of confidence in the chances of success of the test?
- What will be the cost of implementing the test?

Once the growth objective has been clarified and the roadmap for development opportunities has been defined, the BD focuses on defining and implementing the tests.

This can take the form of managing a product development process, with collaborative work on testing involving all the teams.

### **Mobilizing stakeholders**

#### *Internally*

Responsible for identifying future development opportunities and prioritizing growth initiatives, the BD potentially works closely with all the functions of the organization where growth opportunities may arise.

The BD takes advantage of ideas and opportunities that may emerge, in particular through:

- feedback from customers themselves
- analysis of the typology of prospects
- studying the competition
- any other source that may be relevant to creating or improving a new product or service offer

The BD leads and supervises the project team in charge of implementing the development programme he or she has developed.

### *Externally*

The BD sets the framework for collaboration with external partners. They may be resellers, distributors, (end) customers, suppliers, financiers or even competitors.

The Legal Department validates and contracts the agreements and partnerships that the BD is responsible for promoting, stimulating and facilitating.

## **BUSINESS DEVELOPER PROFILE: WHICH TALENTS, SKILLS AND EXPERTISE FOR AN ECLECTIC, DEMANDING AND STRATEGIC ROLE?**

### **In terms of know-how: skills and expertise**

#### *Data management and analysis*

- proficiency in statistical reasoning
- understanding of and ability to define effective tests
- quantitative intuition to interpret experimental results and collected data
- mastery of data analysis (collection, manipulation, visualization and interpretation) and reporting tools

#### *Mastery of the spectrum of sales and/or distribution channels*

- experience in sales and/or marketing and/or R&D functions
- in-depth knowledge of the company's business and customer portfolio

#### *Knowledge of business law*

- drafting of commercial contracts and partnerships

#### *Ability to speak at least two languages*

- see below

### **In terms of interpersonal skills: personal qualities and talents**

At the intersection of several functions, the business developer in a way embodies complexity. He or she must combine qualities that are sometimes seen as difficult to reconcile. Specifically, it is a double-profile, a kind of two-headed being, half strategic and half operational. It is also important to have sufficient communication and leadership skills to be able to create the conditions for alignment and collaboration among the various stakeholders.

→ Strategic thinking and reflection to:

- develop a strategic vision of the company's activities
- participate in the definition and/or realization of the company's vision
- provide expertise on opportunity studies and the preparation of dossiers
- understand the issues at stake and the implications of a particular decision

- Relational skills to be able to:
  - develop and facilitate multiple and diverse relationships
  - negotiate both inside and outside the company
  - represent the company at professional events and lead conferences
  
- Leadership in order to:
  - align customer interface functions
  - create buy-in and commitment to growth objectives
  - build a business development team capable of meeting the challenges and embracing the experimental nature of the function (team spirit)
  
- Method, organization and anticipation, to:
  - successfully manage ambitious and complex projects
  
- Creativity to:
  - identify new opportunities
  - find innovative solutions (products/services, operating and collaboration methods, etc.)
  
- Inter-culturality and being able to use one or more foreign languages to further:
  - international development
  - understanding of the parties involved, their culture and issues
  - direct and fluid communication
  
- Autonomy and capacity to work

When listing the responsibilities to be assumed and the skills to be acquired, the business developer may come across as a very rare bird.

Like all company profiles, his or her expertise is the result of professional development, which must be understood and built up over time. The question is then to know which internal talents would be best able to develop such a skill, over what period of time and by virtue of which professional background?

Over the years, with more widespread practice of the profession, it will become easier to recruit business developers available on the market.

Finally, in a logic of cooperation in keeping with the very principle of business development, the function can be understood in its collective dimension, through the association of employees with complementary skills and whose action is coordinated by a BD who is aware of the issues at stake and who is committed to the cause of business development and its unique culture.

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## **APPENDIX D**

# **BUSINESS DEVELOPMENT SOME CONCRETE EXAMPLES: AIR LIQUIDE, ALSTOM, DANONE, LAFARGEHOCIM AND SAINT-GOBAIN**

## **INTRODUCTION**

To further explore the concept of Business Development for sustainable, profitable and beneficial business growth, this document provides an overview of the annual reports of five international groups that are leaders in their reference markets: Air Liquide, Alstom, Danone, LafargeHolcim and Saint-Gobain.

It is organized as follows:

- I. Summary presentation of the companies studied
- II. Strategy
- III. Organizational chart
- IV. Research & Development and Innovation activity

In each section, the information gathered for the five companies is grouped together to facilitate a thematic comparison of the companies and to identify any points of convergence and divergence.

The review of these annual reports confirms our initial conclusions and observations. Business Development is a matter of promoting new products/services and conquering new markets:

- By observing and understanding specific needs and expectations in given markets
- By increasing efforts to satisfy current customer expectations
- By anticipating future needs, market trends, and technical or technological changes
- By creating new consumer habits

- By deepening general markets and/or developing niche markets
- By identifying risk factors

This involves a thorough, detailed and granular knowledge of each of the markets in terms of:

- Consumer habits (traditional or recent, global or specific)
- Specific local issues and peculiarities (legal and regulatory environment, climate, demography, currency, etc.)
- Global issues (corporate social, societal and environmental responsibility, risk management, scarcity of certain resources, economic crisis or sluggishness, etc.)
- Business cultures (negotiation and payment practices, etc.)

At the organizational level, this requires the ability to:

- Collect, store, analyse and interpret an exponential amount of information in a relevant and effective manner
  - through a well-established network of sales representatives and customer contacts
  - through powerful information systems for the collection and processing of big data or smart data, as well as data exchanged and shared within the company
- Control costs
  - by implementing best practices
  - by exploiting the effects of scale
  - through a responsible and shared attitude towards investments, expenses and operating costs
- Constantly innovate to develop and create new products and services, as well as new tools and methods of work and organization
  - through active, connected R&D and Innovation departments with substantial means and by working in close collaboration with other departments in the company (marketing, sales, etc.)
  - through partnerships with customers, suppliers, research institutes, universities and start-up incubators in a spirit of open innovation
- Collaborate in a cross-functional way, breaking with the silo mode of operation
  - through an agile, project-oriented and cooperative structure
  - through new cross-functional capabilities, such as Business Development, able to coordinate efforts to increase customer satisfaction
  - through internal mobility that is encouraged and facilitated
  - through the involvement of all stakeholders at every stage in the value chain
- Develop and strengthen skills to match the changing needs of the company
  - through ongoing training of staff and management teams
  - through recruitment and retention of talent
  - through human capital that is respected, responsible, committed, motivated and acquired through the company project
- Adapt, transform and change group culture to make it compatible with the issues, challenges and objectives, as well as new methods of collaboration and extended cooperation, i.e. allow the company to open up to a culture of partnership and co-development with its ecosystem

## SUMMARY PRESENTATION OF THE COMPANIES STUDIED

	Activity	CEO	Turnover	Number of employees	Geographic presence
<b>Air Liquide</b>	World leader in gases, technologies and services for industry and healthcare	Benoit Potier	18,135 M€ (2016)	67,000	Global (80 countries)
<b>Alstom</b>	One of the world leaders in the rail transport industry (rolling stock, systems, signalling services)	Henri Poupart-Lafarge	7,306 M€ (31 March 2017)	32,779	Local and global (60 countries)
<b>Danone</b>	One of the world leaders in food industry and trade (health)	Emmanuel Faber	22,412 M€ (2015)	99,781	Global
<b>LafargeHolcim</b>	Leader in the manufacture of cement, hydraulic binders, aggregates and concrete	Eric Olsen	31,044 M€ (2016)	90,000	Global
<b>Saint-Gobain</b>	World leader in habitat (production and distribution of building materials and solutions)	Pierre-André De Chalendar	39,093 M€ (2016)	172,696	Global

## THE STRATEGIES OF THE COMPANIES STUDIED

### Air Liquide: Creative oxygen

#### *President's message*

“Change is also accelerating around us: including the geopolitical environment, the expectations of our customers, digital penetration of our businesses, and projects of consolidation in our industry.

To respond to these new challenges and opportunities, we are implementing our company programme, a customer-centric transformation programme that combines targeted industrial investment, digital development and innovation to fuel growth in the coming years.

All of our employees are mobilized around this programme, which guides us toward our 2016–2020 objectives.”

#### *Strategic directions*

In a changing world, Air Liquide's customer-centric transformation strategy aims at profitable growth over the long term.

It relies on:

- operational excellence
- selective investments
- open innovation
- a network organization

#### **NEOS Day, 24-hour mobilization of all employees worldwide around the NEOS company programme.**

To implement its strategy, Air Liquide launched its company programme, NEOS. This customer-centric strategy, in which innovation is a key growth driver, aims to bring new solutions to the challenges of energy and environmental transition, health and digital transformation.

In this way, Air Liquide will continue to create value for all its stakeholders.

Thanks to solid fundamentals, optimal positioning in terms of geography and market dynamics, and a transformation programme based on innovation and leveraging digital technology, Air Liquide continues to ensure solid performance in different types of environments over the long term.

#### *Customers at the heart of strategy*

In a changing environment in which customers have new and higher expectations, the Group is taking action to differentiate itself as the leader in customer experience (CX) on its markets.

The industrial offer is gradually evolving towards a process centred on the end user, transforming the traditional value chain.

In this context, our strategy aims to provide novel and effective solutions to the new aspirations and needs of our customers, to help them be more competitive and, more globally, to make a difference in their markets.



In tangible terms:

- Systematic implementation of the CX initiative at all levels within the Group
- Creation of work teams within Air Liquide on this subject
- Real-time investigations
- Capitalization on best practices around the world
- Encouraging the sharing of experience among the 700 Air Liquide employees worldwide actively participating in the online CX community
- Hackathons of innovation organized by Air Liquide where start-ups propose new CX concepts.
- I-Lab, Air Liquide's innovation lab, contributes to bringing new ideas within the Group, in collaboration with Customer Development teams

A multi-channel strategy is deployed to facilitate the customer journey:

- To map and improve the customer experience
- Strengthen links with patients (BtoC approach)
- Develop digital capabilities by 1. driving customer adoption of the digital channel, (ii) simplifying customer relations and integrating digital with branch and telesales channels, and 3. engage sales teams by identifying new prospects.

As indicated above, Air Liquide's four strategic pillars are as follows:

#### → Operational excellence

**An essential component of Air Liquide's culture, operational excellence is driving our sustainable performance, contributing to the long-term trust of our customers and other stakeholders.**

Our high reliability and safety standards apply to all our activities. In particular, our industrial operations are differentiated on the market by our exemplary reliability rates, reaching 99.98% for pure oxygen supply. Reliability is foremost among the expectations of our customers, as it contributes directly to their own efficiency and performance.

The Group is also recognized for its ability to carry out large-scale and complex industrial projects throughout the world, ensuring the highest level of safety.

While remaining focused on the fundamentals of safety and reliability, operational excellence also means for Air Liquide:

- implementing unrivalled customer experience, continuously over the long term
- continuously strengthening our competitiveness, a source of attractiveness for customers in highly competitive markets
- digitizing our operations to increase responsiveness, flexibility and efficiency in serving our customers

#### → Selective investments

**Commercial development teams are involved in the process of selecting investments prior to any project.**

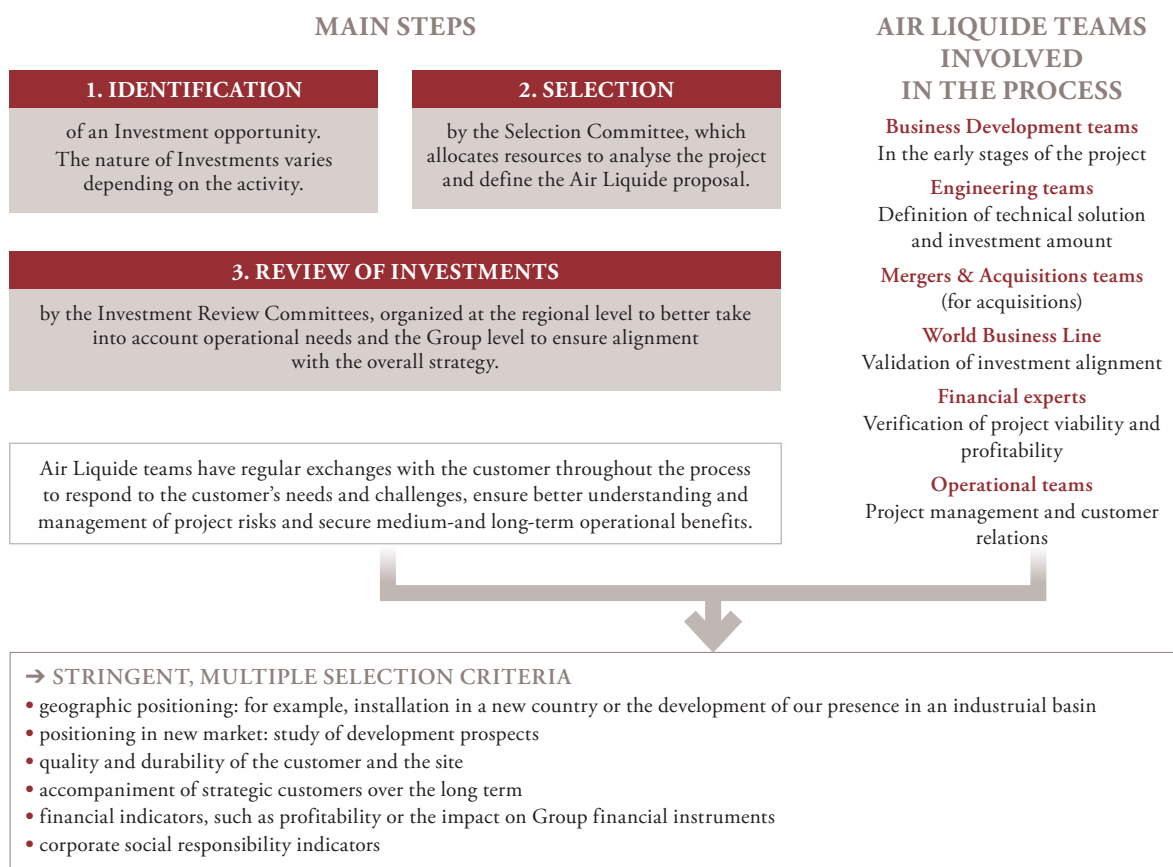
Whether they involve new production units or the acquisition of companies, investments are essential because they nourish the Group's growth over time. They enable us to support the development projects of our customers and the transformation of

their activity. They are also essential to innovation and to providing new and effective responses to society’s major challenges, such as health and clean mobility.

As part of its NEOS company programme, the Group has set a clear direction for 2016–2020, providing for an annual investment of between 10 and 12% of its sales.

This investment will be aligned with Air Liquide’s new profile and include support for the development of Airgas, which will pursue its strategy of acquiring local distributors, and the introduction of new offers and technologies for Industrial Merchant’s growth, which now represents 44% of Gas & Services revenue. Air Liquide will also continue to invest in all of its business lines to support its growth and strengthen its competitiveness by ensuring reliability and safety, thereby achieving the NEOS objectives.

### A rigorous investment selection process



#### → Open innovation

**Air Liquide involves a multitude of stakeholders in open innovation processes, accelerators of business.**

Innovation enables Air Liquide to ensure its competitiveness, open new markets and create more added value for its customers and patients. The Group is constantly innovating, both in its core business and for breakthrough technologies. It relies on its scientific

and technological expertise, represented by its Research & Development department, its Engineering and Construction activity and its centres of expertise.

Digital transformation teams are working to improve the customer/patient experience and Global Markets & Technologies, created in 2015, is nurturing new activities. The i-Lab laboratory of innovation and the ALIAD venture capital structure are helping to connect the Group with innovation ecosystems. 5,700 employees around the world are mobilized to contribute to innovation.

Backed by this internal mechanism, our “open innovation” approach is based on numerous partnerships with customers, start-ups, SMEs, suppliers, universities and research institutes around the world. We are continuously strengthening our links with this global innovation ecosystem. These interactions are a determining asset for better anticipating market and user trends, exploring new growth opportunities and helping our customers make a difference in their markets.

#### → A network organization

**Air Liquide promotes a policy of intensive collaboration and mobilization of collective intelligence in order to reinforce agility and efficiency, to serve the customer.**

For several years, Air Liquide has been implementing a network organization in which skills can be better distributed both globally and regionally.

This organization is built around a Base in Paris, and four Hubs – Houston, Frankfurt, Shanghai and Dubai – that extend the Group’s presence in these geographic zones.

Tangible benefits include:

- increased proximity to customers and markets
- more efficient processes, faster decision-making and the ability to attract new talent locally

Today, we are further strengthening this networking, leveraging a number of digital tools such as Kite, our collaborative platform for all employees worldwide. We also deploy interactive tools and immersive rooms to coordinate international projects in real time.

These tools simplify relationships and foster synergies between teams, enhancing our agility and operational effectiveness. A major asset for mobilizing collective intelligence and expertise, wherever located, offering the best solutions to our customers.

### **Alstom: Designing fluidity**

#### *Strategic directions*

The railway market, driven by a continuous urbanization and increasing concerns for environmental issues, is growing steadily. In a context of globalization and consolidation, Alstom is pursuing a strategy in line with its ambition: to become its customers’ preferred partner for transport solutions by 2020:

- A customer-focused organization
- A complete range of solutions
- Value creation through innovation
- Operational and environmental excellence

***Customer at the heart of strategy***

Thanks to its global network and strong local presence, Alstom is able to respond competitively to customer demand around the world, at a time when local customers are increasingly demanding. Alstom's commercial and industrial proximity enables it to follow the evolution of its customers' needs with precision and respond quickly.

***Alstom, a customer-oriented organization***

Present in 60 countries, Alstom has adapted its organization to strengthen its international coverage and better respond to the needs of customers on a local level. Alstom benefits from solid market shares worldwide, with the ambition to be number one or two on all continents.

The company is organized into empowered regions, each with their own supply chain to answer local needs using local resources and strengths. They rely on a network of local industrial sites and strategic partnerships around the globe. The need to continuously reinforce this network as well as local competences should trigger an additional €300 million transformation capex over three years.

***Alstom places innovation at the heart of its 2020 strategy***

Alstom places innovation at the heart of its 2020 strategy in order to strengthen the competitiveness and attractiveness of its offer and anticipate future market trends.

The third pillar of the Alstom 2020 strategy is "value creation through innovation", which means that for Alstom, innovation should:

- create value for the customer in terms of capacity, attractiveness and cost of the Alstom solutions and services
- allow cost reduction
- increase Alstom's Intellectual Property assets through patents, trademarks, aesthetic designs, etc.

The Innovation strategy has been set up using internal contributions and was also discussed with customers and other companies facing similar innovation challenges to Alstom in the transport and mobility sector. It is based on seven areas of innovation:

- more energy-efficient railway systems
- advanced maintenance solutions
- improved railway system sustainability and footprint
- enhanced transport system attractiveness
- more fluid design of operation cycles and processes
- information systems and telecommunications
- systems control and supervision

Data Management acts as a transverse axis, which upholds the deployment of these seven axes. All of Alstom's innovation initiatives are aligned with at least one of the innovation axes.

***Alstom promotes a strategy of high-performance strategic and commercial partnerships***

With approximately 20 alliances covering numerous business activities (rolling stock, components, systems, services and signalling), in Europe, the Middle East, Africa and

Asia-Pacific, Alstom has built a solid, efficient and well-established network of partners. These alliances, which are mostly joint ventures, but also include strategic and commercial partnerships, enable Alstom to meet its customers' growing demand for local presence, while developing adapted products.

*Alstom promotes operational and environmental excellence*

To improve customer satisfaction, Alstom executes its contracts with a focus on ensuring the highest standards in quality, costs and lead times. This operational excellence goes hand in hand with a commitment to environmental performance in response to high market demand with regard to products (energy savings), manufacturing processes (eco-design and green materials) and life-cycle management (recycling).

Through the competitiveness improvement of its offering and excellence in project management, Alstom aims at reducing its costs to outpace global price decrease and support margin improvement. Sourcing savings are expected to increase to €250 million per year (cost to complete) based on three main levers: volume, design to cost and worldwide sourcing. Manufacturing and engineering footprints will continue to grow globally, while in Europe they will be adapted to the workload. A dedicated Cash Focus programme has been launched with strong management actions in place on working capital.

In terms of environmental excellence, energy consumption is to be reduced by 20% for solutions and by 10% for operations in kWh per hours worked by 2020 versus 2014.

*Alstom, a culture based on diversity and entrepreneurship*

Alstom believes in differentiation as a source of performance and to reflect its passenger base, the Company encourages all types of diversity within its teams in areas such as gender and multiculturalism.

This internal cohesion is rooted in the Company's values – team, trust and action – and stringent ethical rules.

Alstom's development is also underpinned by an entrepreneurial spirit that promotes customer satisfaction, responsibility and responsiveness. In this way, Alstom has the ambition to significantly increase diversity, aiming for example, for 25% of management or professional roles to be occupied by women by 2020.

**Danone: Bringing health through food to as many people as possible**

*President's message*

“With organic growth of +4.4% and a trading operation margin up by +17 basis points like-for-like, our results are very solid and perfectly aligned with our objectives. They confirm that we have taken this mission to a new level, paving the way for strong, profitable and sustainable growth by 2020.

We have moved toward an optimal combination of more agility and discipline in our resource allocation and decision processes.

Our choices in 2015 delivered these solid results, which came from the combination of our businesses in both developed and emerging markets across all four of our categories.

In 2016, in a global context that remains volatile, Danone will continue to invest behind its brands and will mark a further important step to develop a balanced model of strong, profitable and sustainable growth.”

### *Strategic directions*

True to its mission of “bringing health through food to as many people as possible”, Danone reaffirmed and translated this mission into a Manifesto.

This Manifesto is the core of the transformational “Danone 2020” five-year plan, which focuses on three main streams:

- Diet: encourage healthier eating behaviours;
- Strategic resources: strengthening Danone’s ability to protect, and optimize our essential resources (milk, water and plastic) and secure its licence to operate in a cycle-oriented way;
- People and the organization: the goal is to tap into the full range of talent at Danone to give its corporate architecture more solidity and more relevance for today’s world.

Danone’s strategy is set out specifically in each of its four business segments:

- **Fresh dairy products.** The Division continuously renews its product lines in terms of flavour, texture, ingredients, nutritional content and packaging. This innovative capacity enables it to reach new consumer segments and develop new consumption moments while adapting to the local tastes and dietary preferences of each market, and making sure to cover the full range of price points.

To promote the consumption of fresh dairy products, the Division also strives to build consensus around the central role of its products as part of a balanced daily diet.

- **Waters.** The Division’s strategy is based primarily on the development of bottled water and *Aquadrinks* consumption, notably through the following measures:
  - promotion of hydration-related health benefits
  - sustainable management and environmental protection of water resources
  - development of a line of light and natural beverages, alternatives to soft drinks and other sweetened beverages
  - packaging innovation (to reduce its environmental impact)
- **Early life nutrition.** The Division’s development strategy is built around one a single main area of focus: developing products suitable for a child’s first years, and consists of three priorities:
  - demonstrate the relevance of this category of Early Life Nutrition brands
  - associate health and flavours as two indivisible qualities in baby food
  - determine local nutritional needs
- **Medical Nutrition.** The Division’s products are designed primarily to treat malnutrition due to disease in order to satisfy special food needs.

### *People and the organization*

As part of its transformational “Danone 2020” plan, Danone has adopted a new administrative organization that is more robust and, more importantly, better adapted to an environment that will remain politically and financially complex, unstable and fragmented. Danone has therefore launched several initiatives in order to enhance its efficiency, expertise and flexibility, notably One Danone and Beyond Budget projects.

- **One Danone:** this project seeks to make a lasting and positive contribution to the success of Danone and its employees. Its objective is to build a solid framework for Danone that supports its unique spirit and culture. Danone’s goal is to make a bigger impact and improve its consistency and efficiency by sharing and strengthening its expertise and

using resources across business lines to an even greater extent. These efforts will support the development of its activities, while the Company remains close to its markets.

- On the one hand, Danone needs to optimize its organizational entities by pooling certain support functions, and on the other it needs to invest in key functions, which are essential to ensure the long-term viability of Danone's model.
- Along with One Danone, Danone has also reviewed how it steers its performance, time frames and activity cycles in its Beyond Budget initiative. This initiative marks a radical shift in how Danone plans to allocate resources going forward. Danone is thus replacing the traditional budget process with a rolling forecast, i.e. a dynamic forecasting process based on new forecasts determined at the end of each quarter with the aim to strengthen discipline, flexibility, agility and the organization's precision in terms of resource allocation.

### **LafargeHolcim: So the world builds better**

#### *President's message*

"2016 was the year we hit our stride and delivered accelerating earnings momentum, demonstrating the potential of LafargeHolcim to create value. Our focus on synergies, cost and pricing drove higher margins and, as a result, significant improvements in EBITDA, cash flow and earnings per share.

We have achieved a great deal since the creation of LafargeHolcim in July 2015 and have built a company equipped with the resources and capabilities to be successful over the medium to long term. The diverse talents and experience of our 90,000 employees around the world enable us to anticipate and meet our customer's requirements, whether that is affordable housing, building a family home, or construction of a large and complex infrastructure project. This is supported by LafargeHolcim's industry-leading capability in research and development which allows us to provide innovative solutions to existing and evolving construction needs.

Our global best-in-class portfolio has a good balance between mature and developing countries and we enjoy leadership positions in 80% of our markets. This positions us well to benefit from overall growth in the sector and, notably, from the positive trajectory of several markets we have identified as important drivers of growth in 2017 and beyond.

We also have to contend with increasing volatility, which can present opportunities as well as challenges. Thanks to the strength of our diversified portfolio and the hard work of our employees – who, for example, responded decisively to the economic crisis in Brazil and interruption of gas supplies in Nigeria, we were able to mitigate the effect on our earnings in 2016.

We have built our strategy around four pillars: cost leadership, an asset light approach, commercial transformation and sustainability. Cost leadership means systematically and rigorously managing our costs, implementing policy, using best practice across the Group and taking advantage of our scale. By adopting an asset light approach we optimize and leverage our current asset base, spending less on capital and unlocking growth opportunities with lower capital outlay. Cost leadership and an asset light approach together enable the business to grow returns through disciplined management and allocation of capital.

Commercial transformation and sustainability are focused on differentiating us itself from our competitors. We want to develop our commercial expertise to anticipate the

needs of our customers, getting involved earlier in projects to co-develop solutions while promoting sustainability through our solutions and the way we run our business. Our strategy of adding value for our customers through differentiation will be an increasing contributor to earnings growth into the future.

Our commitment to sustainable development also speaks to the kind of company we are and we want to be. We see sustainability as both a responsibility and an opportunity. We are proud to lead the industry in reducing CO<sub>2</sub> per ton of cement, we, more widely, continue to advocate mechanisms such as carbon pricing that can act as a lever to cut the causes of global warming. Equally, our leading R&D capability enables us to address the growing demand for sustainable construction solutions. One example is the 2016 launch of Airium, our fully recyclable, mineral foam insulation product that meets a growing need for more efficient buildings. Another is Geocycle, our worldwide waste management business, which utilizes alternative fuels to fire our kilns thereby reducing CO<sub>2</sub> and energy costs while providing a sustainable solution to waste that would otherwise be disposed of in landfill sites. These innovative approaches, and more, will help us achieve our 2030 ambition of generating one third of our turnover from solutions with enhanced sustainability performance. [...]

Since the creation of LafargeHolcim, we have worked hard to build a distinctive culture based around a set of guiding values. This provides a framework for how we expect our employees to behave.

Our overarching value is health and safety. It is embedded in everything we do. We are committed to ensure that the health and safety of our employees, contractors and members of the public are not put at risk by our operations. It is a cause of deep regret, therefore, that we recorded an increase in the number of fatalities and injuries in 2016, chiefly as a result of road traffic accidents. We have a concerted plan in place to improve this record and move us towards our ambition of zero harm.

[...] Finally, it is important that we recognize the commitment of our employees who continued to deliver for our customers across the world each and every day. The achievements we are able to report are made possible by their hard work, dedication and expertise.

In 2016, LafargeHolcim demonstrated that it is on track and delivering. As we look forward, we are confident that our stakeholders will benefit from the unique platform we have built to drive growth and value creation.”

### *Strategic directions*

LafargeHocim has established a set of strategic priorities to generate growth, optimize returns and create sustainable value for all stakeholders.

This strategy is based on four pillars:

- cost leadership
- continuing to systematically and rigorously manage our costs, leveraging scale effects and best practice
- commercial transformation
- Being the partner of choice for our customers, anticipating their needs and inventing with them the solutions to build the future. This will further drive differentiation, growth and value.



- an asset light approach
- Optimize our current asset base, better leveraging our industrial footprint, reducing our capital expenditures and exploring new opportunities with lower capital intensity.
- sustainability
- Run our business in a sustainable way to limit our impact on the environment and improve the lives of our stakeholders. We also want to differentiate LafargeHolcim by leading the way in addressing the growth demand for sustainable solutions.

### **Saint-Gobain: Improving the well-being of all**

#### *President's message*

“2016, Saint-Gobain continued with its strategic roadmap and recorded healthy gains in its profits.

Our efforts in terms of innovation, development in emerging countries and operational improvements have been fruitful, supported by generally favourable circumstances. Despite the sluggishness of the French market, our activities have gained ground in all our businesses and major geographical areas of location: Europe, the United States, but also emerging countries which, over the course of a few years, have become key contributors to the growth of our sales and our profitability.

With a view to maintaining this growth pace, all our teams are involved in an extensive move to overhaul the company, impacting all its facets: R&D (proud to once again rank among the most innovative companies in the world), industrial investments, human resources, marketing, etc. The digital transformation is doubtless the most profound change, with technology also supporting our highest ambitions. Thanks to digital technology, Saint-Gobain has undertaken immense efforts to modernize and robotize its factories. Thanks to digital technology, the Group has the opportunity to get closer to its industrial and construction sector customers, and construction professionals primarily, but also, from now on, those who provide solutions, such as architects, and individuals who are sensitive to the comfort and energy efficiency of their homes.

To establish a relationship with these consumers, Saint-Gobain has rolled out a brand awareness campaign aimed at the general public.

The Saint-Gobain brand represents a promise to create materials designed for the well-being of each of us and the future of all.

This promise is illustrated in the “Multi-Comfort” programme, which ensures the acoustic, thermal and aesthetic qualities of homes. This commitment is also demonstrated in our Corporate Social Responsibility (again proud to have ranked second worldwide in the sector on the Dow Jones Sustainability Index, from our first participation) and in our solutions, which promote environmentally friendly development.

It is both a commitment of the Group and my personal commitment to meet the challenges of climate change.

It is our responsibility as a manufacturer to assign an internal carbon price to our investments and our research projects, to promote sustainable construction. This is also a growth factor, since our customers increasingly value the economic benefits of sustainable solutions. As a result, Saint-Gobain is transforming constraints associated with urbanization, demographic growth and resource scarcity into development opportunities, and is acting as an exemplary leader.

My hope is that readers will find, in this 2016 Registration Document, all the facts to convince them of the quality of the performance of Saint-Gobain, of the ongoing commitment of all its employees, who I especially wish to thank, and of their loyalty to the mission of the Group: to create great living places and to improve daily life.”

### *Strategic directions*

Saint-Gobain is organized into three divisions:

- Innovative materials (25% of net sales)
- Construction products (28% of net sales)
- Building Distribution (47% of net sales)

From a regional point of view, the Group is divided into 14 General Delegations, which represent the Group in the countries where it operates and coordinate the actions of the various activities. At the head of each of these delegations is a General Delegate.

### **Strategic drivers for sustainable growth:**

- Balancing the Activities to ensure the Group is resilient
  - Investment differentiated by geographic region
  - Develop the scope of activities to support the Group’s strategy
- Continuing the Group’s digital transformation
  - Digital technology to serve customers
  - Using digital to transform HR processes
  - Using digital technology in factories to optimize operations
- Sustainable differentiation through innovation and R&D
  - Innovation as a pillar of the Group’s strategy
  - Eco-innovation to deliver on our strategy: products that anticipate market trends
- A more cross-functional approach to innovation
- Building closer customer relations: rebranding Saint-Gobain
  - The challenges of a strong brand
  - New brand content
  - A new logo

### *Proximity to customers*

→ **An approach tailored to each customer:** in the construction markets, Saint-Gobain’s aims to be the partner for every player, from initial design to worksite implementation project completion.

The Group has set up Habitat Committees aimed at developing marketing and commercial synergies between its various companies, through cross-business initiatives tailored to each customer group, such as:

- A coordinated approach to the principal key accounts in construction and renovation projects, organized by market segment (residential, healthcare, education, hotels, etc.), and often based on innovation centres and showrooms in France, the United Kingdom, Italy, the United States and Spain; new innovation centres opened in 2016 in Brazil and India;

- Combined training provision specifically for installers in several countries, delivered at dedicated Saint-Gobain centres (France, Italy, Ireland, Russia, Sweden, Austria, Netherlands, etc.);
- A coordinated presence at major trade shows, such as *Greenbuild* in the United States, *Ecobuild* in the United Kingdom, *Batimat* in France and *Big 5* in the United Arab Emirates, which provide opportunities to showcase the Group's products and solutions and enable Saint-Gobain experts to give talks on topics such as eco-innovation and sustainable construction, or on new building techniques.

→ **Customer satisfaction:** several practices have been adopted by all the Group's Activities to measure customer satisfaction:

- Firstly, the use of a short questionnaire, sent at least once a year to actual and potential customers, both direct and indirect, to identify the main areas of satisfaction and dissatisfaction and determine the "net promoter score", a single common metric across all customers;
- Secondly, a more stringent, responsive measurement of compliance and timeliness, since these two parameters recur in all questionnaires as the most frequent causes of dissatisfaction: customers demand above all else that suppliers keep their promises.

The Group's Activities have all strengthened their marketing teams to organize these kinds of surveys and especially to respond to them. They have also created customer experience managers, whose role is to adapt the organizational structure to make it more responsive to address shortcomings.

→ **Local services:** the marketing strategy of customer interaction using new digital and data tools allows enables the Activities to develop new concepts, either in market segments identified by means of this strategy, or by improving customer satisfaction at various points in the value chain.

- digital technology to increase customer loyalty
- new concepts

The Group has identified three main types of challenges:

- the challenge of climate change
- the challenge of population growth and urban development
- the challenge of digital transformation

On this last point, digital technology is redefining trade, with a very high annual growth rate for e-commerce throughout the world since the early 2000s.

The low cost of investment to launch an online commerce platform has reduced barriers to entry, while the asymmetry of information between sellers and customers is falling. Companies must now be closer to their end customers to avoid new intermediations.

For differentiation, it is no longer just the company's product that counts, but the services that go along with it.

Digital is reshaping the competitive balance and the way that businesses interact with their stakeholders (customers, staff and suppliers).

Digital technology is also revolutionizing the way that factories are organized and is producing a major, gradual change in production methods: by providing real-time access to a wealth of information on industrial facilities that are now interconnected and enabling extensive analysis of these data. Progress can thus be seen on two fronts: on the one hand, in the increase in productivity that results from reductions in stock, breakdowns, lost time and scrap material, and on the other, in improved flexibility of production processes.

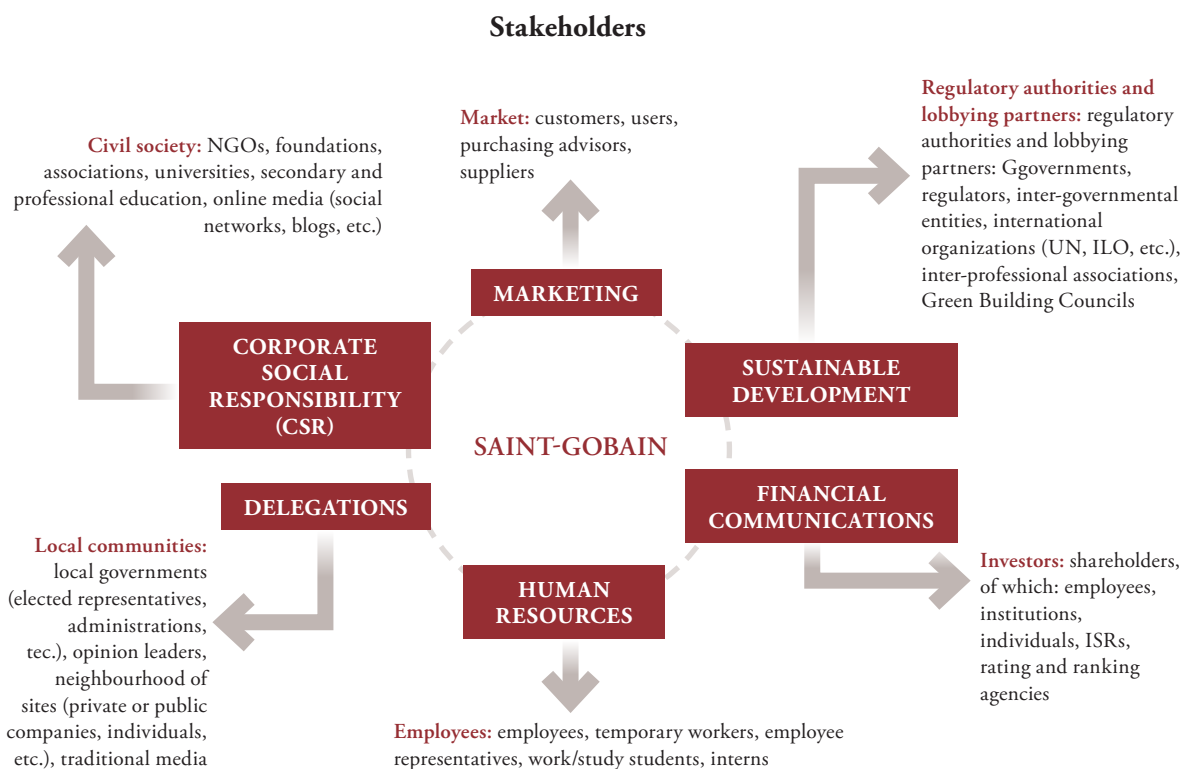
Industry 4.0 opens the doors to mass customization, which relies in particular on locating assets as close as possible to end customers.

*A group attentive to its ecosystem*

Within each of their respective perimeters, the Group’s team listen to their stakeholders and, above all, to their customers. The Group’s organization, size, international dimension and diverse business portfolio imply decentralized management of the dialogue with stakeholders, allowing the operating entities broad autonomy in conducting their businesses. Dialogue must be constructive, transparent and based on mutual trust.

To better organize this dialogue, priority stakeholders have been grouped according to challenge (see illustration below). This provides a formal structure for feedback on internal and external stakeholders’ expectations with a Group function being mandated, for each stakeholder, to compile the expectations expressed at the local, national and international levels.

This ensures that stakeholders’ key expectations are factored into the Group’s long-term strategy.



### *The Group's priority challenges*

In 2015, Saint-Gobain conducted a three-stage materiality analysis:

- identification of the key challenges based on a review of the available documentation on the Group, its activities and its environment
- sharing these challenges with key stakeholders
- ranking the challenges by comparing stakeholder expectations against the vision of Group management

The resulting materiality matrix was developed on the basis of looking for consensus between external and internal stakeholders.

To provide greater transparency around the challenges, in 2016 they were grouped and summarized according to four long-term priority themes for CSR:

- climate change
- responsible business practices
- diversity
- health and safety

The Group then added two further CSR challenges associated with its development:

- circular economy
- creation of local value

Lastly, Saint-Gobain used stakeholder dialogue to confirm two strategic challenges linked to its performance and to the fulfilment of its brand promise:

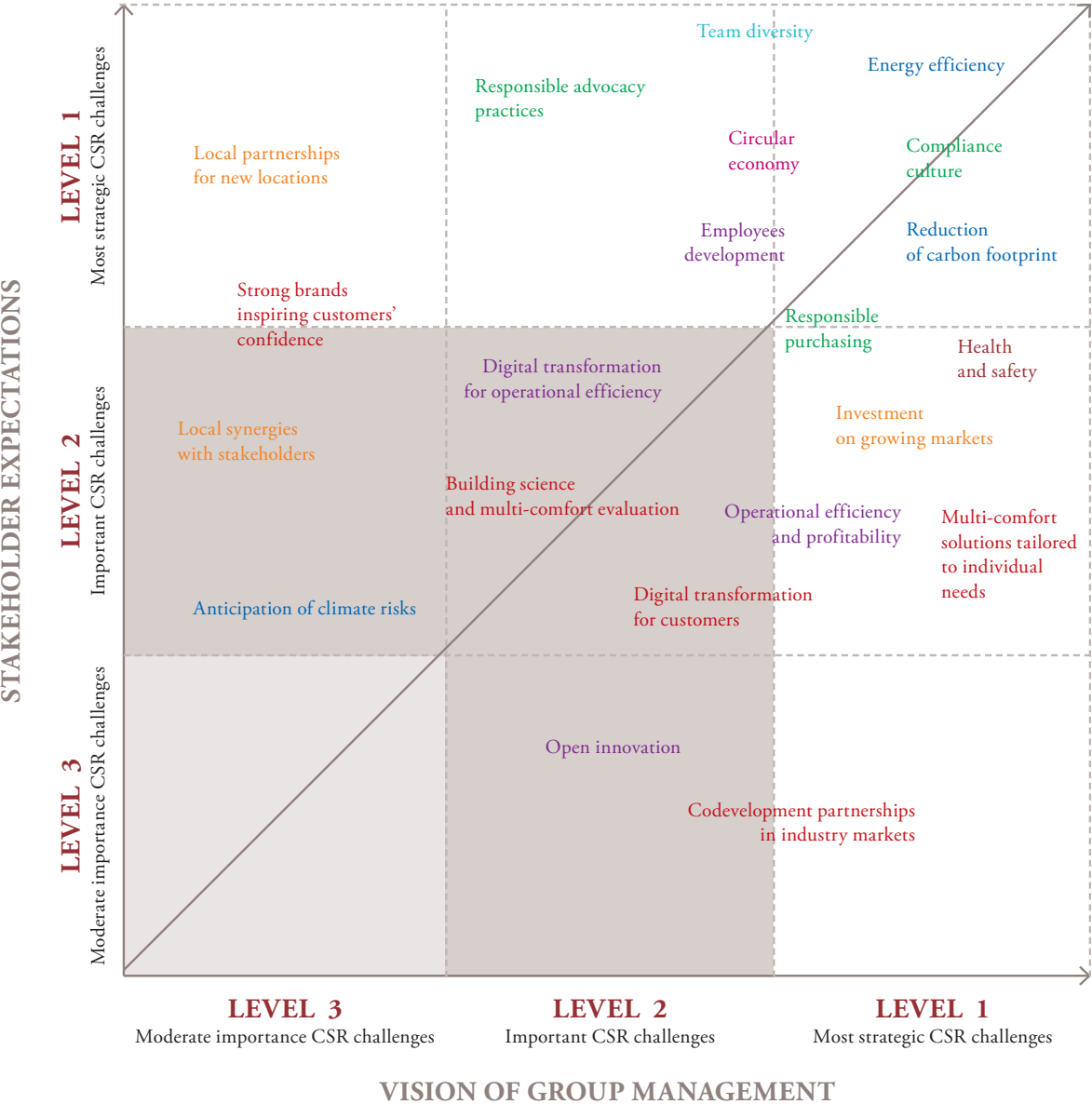
- operational excellence
- solution to improve well-being and daily life

The matrix reflects both the Group's strong identity and the more specific challenges associated with its Activities and local development. It is consistent with the Saint-Gobain rebranding that took place in 2016.

After establishing this matrix, the Group adopted a series of policies and commitments to address the challenges of CSR.

By way of example, we can cite collaboration with the *Green Building Councils* (GBCs): Saint-Gobain is convinced that the transition to sustainable building involves putting into practice new dynamics of partnership and co-development. All trades and know-how in sustainable construction must be involved in this transition.

Materiality matrix

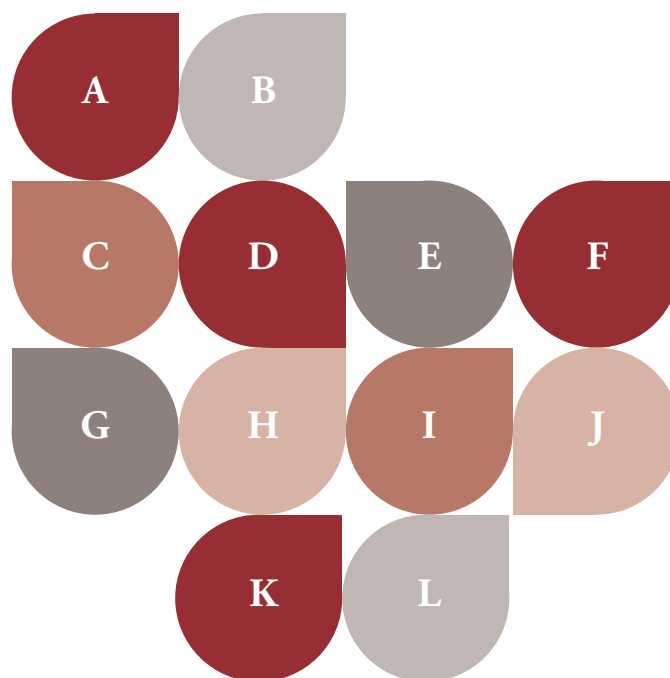


- Climate change
- Circular economy
- Responsible business practices
- Solutions to improve well-being and daily life
- Diversity
- Operational excellence
- Health and safety
- Creation of local value

## ORGANIZATIONAL CHART

### Air Liquide

#### Executive Management and Executive Committee as of 15 March 2017



**A** Benoît Potier  
Chairman and CEO  
Born in 1957 – French

**B** Pierre Dufour  
Senior Executive  
Vice-President and Director  
Born in 1955 – Canadian

**C** François Darchis  
Senior Vice-President  
Innovation, Digital, Science,  
Technologies  
Supervising IT and Industrial  
Merchant Business Line  
Born in 1956 – French

**D** Guy Salzber  
Senior Vice-President  
Europe Industries Frankfurt Hub  
Executive Vice-President  
Supervising Group Procurement  
Born in 1958 – French

**E** Fabienne Lecorvaisier  
Vice-President  
Chief Financial Officer  
Finance, Operations Control  
Born in 1962 – French

**F** Michael J. Graff  
Senior Vice-President  
Houston Hub Executive Vice-President  
Chairman of the Airgas board  
Supervising Electronics Business Line,  
Safety and Industrial Systems (SIS)  
Born in 1955 – American

**G** Jean-Marie de Royère  
Senior Vice-President  
International, Governance and  
Corporate Social Responsibility  
Born in 1965 – French

**H** François Abrial  
Vice-President  
Shanghai Hub Executive  
Vice-President  
Born in 1962 – French

**I** François Venet  
Vice President  
Strategy  
Supervising Large Industries  
Business Line and  
Engineering & Construction  
Born in 1962 – French

**J** Kwong Weng  
Vice-President  
Deputy Head of Asia  
Born in 1953 – Singaporean

**K** Pascal Vinet  
CEO of Airgas  
Born in 1962 – French

**L** François Jackow  
Vice-President  
Healthcare Activities  
Supervising the Dubai Hub and Clients  
Department  
Born in 1969 – French

## Alstom

The Executive Committee, is composed of the following persons on 3 May 2017:

Name	Main Function	Serving on Executive Committee since	Age
Henri Poupart-Lafarge	Member of the Executive Committee and Chairman and Chief Executive Officer	October 2004	48
Thierry Best	Chief Operating Officer	November 2015	57
Pascal Cléré	Senior Vice President – Alstom Digital Mobility	November 2015	58
Marie-José Donsion	Chief Finance Officer	November 2015	50
Pierrick Le Golf	General Counsel	November 2015	50
Thierry Pannentier <sup>1</sup>	Senior Vice President – Human Resources	April 2017	52
Gian-Luca Erbacci	Senior Vice President – Middle East and Africa	November 2015	55
Jean-Baptiste Eyméoud	Senior Vice President – France	November 2015	49
Andreas Knitter	Senior Vice President – Europe	November 2015	52
Michel Boccaccio	Senior Vice President – South America	November 2015	56
Jean-François Beaudoin <sup>2</sup>	Senior Vice President – Asia Pacific	July 2018	39
Jérôme Wallut	Senior Vice President – North America	November 2015	53

## Danone

Danone's activities are distributed as follows

- In three geographical areas
  - Europe
  - CIS and North America
  - ALMA (Asia-Pacific, Latin America, Middle East and Africa)
- In four business segments
  - Fresh dairy products
  - Water
  - Child nutrition
  - Medical nutrition

1. Thierry Parmentier replaced Mathias Klemptner on 18 April 2017.

2. Jean-François Beaudoin replaced Dominique Pouliquen on 1 July 2016.



As of 22 February 2016, the following are the 12 members of the Executive Committee:

Name	Principal position at Danone	Starting date as Executive Committee member	Age
Emmanuel Faber	Chief Executive Officer and Vice-Chairman of the Board of Directors	2000	52
Felix Martin Garcia	General Manager, Early Life Nutrition	2008	55
Pierre-André Terisse	General Manager Africa	2008	49
Flemming Morgan	General Manager, Medical Nutrition	2009	60
Jean-Philippe Pare	General Manager, Research and Development	2011	57
Francisco Camacho	General Manager, Waters	2011	50
Marc Benoit	Executive Vice-President, Human Resources	2014	52
Bertrand Austruy	General Secretary	2015	42
Lorna Davis	Chief Manifesto Catalyst	2015	56
Pascal de Petrini	Executive Vice-President, Strategic Resource Cycles	2015	55
Cécile Cabanis	Chief Financial Officer	2015	45
Gustavo Valle	General Manager, Fresh Dairy Products	2015	52

### LafargeHolcim

Effective 31 December 2016 the Executive Committee was composed of the following ten members. None of the members of the Executive Committee has important functions outside the LafargeHolcim Group or any other significant commitments of interest.

Executive Committee	Position	Responsibility
Eric Olsen	CEO	–
Ron Wirahadiraksa	CFO	–
Urs Bleisch	Member	Performance and Cost
Pascal Casanova	Member	Regional Head North America and Mexico
Roland Köhler	Member	Region Head Europe, Australia New Zealand, and Trading
Martin Kriegner	Member	Region Head India and South East Asia
Gérard Kuperfarb	Member	Growth and Innovation
Caroline Luscombe	Member	Organization and Human Resources
Oliver Osswald	Member	Regional Head Central and South America
Saâd Sebbar	Member	Region Head Middle East Africa

## Saint-Gobain

### *Senior Management Committee*

Name	Main Function
Pierre-André de Chalendar	Chairman and Chief Executive Officer
Patrick Dupin	Senior Vice President, in charge of the Flat Glass Sector (Innovative Materials*)
Benoit d'Iribarne	General Delegate for Germany, Austria and Benelux
Jean-François Phelizon	Senior Vice President, in charge of Internal Audit and Internal Control
Claude Imauven	Chief Operating Officer
Delphine Geny-Stephann	Vice President, Corporate Planning and Strategy
Thomas Kinisky	Senior Vice President, General Delegate for North America
Didier Roux	Vice President, Research & Development and Innovation
Benoit Bazin	Senior Vice President, in charge of the Construction Products Sector
Laurent Guillot	Senior Vice President, in charge of the High-Performance Materials Sector (Innovative Materials)
Kare Malo	Senior Vice President, in charge of the Building Distribution Sector
Guillaume Texier	Chief Financial Officer
Fabrice Didier	Vice President Marketing
Charles Hufnagel	Vice President Communications
Claire Pedini	Senior Vice President in charge of Human Resources
Antoine Vignial	Corporate Secretary in charge of Corporate Social Responsibility

### *Executive Committee*

Name	Main Function
Pierre-André de Chalendar	Chairman and Chief Executive Officer
Guillaume Texier	Chief Financial Officer
Claude Imauven	Chief Operating Officer
Antoine Vignial	Corporate Secretary in charge of Corporate Social
Claire Pedini	Senior Vice President in charge of Human Resources

The Executive Committee meets weekly.

*Sector Management*

Name	Main Function
Benoit Bazin	President, Construction Products Sector
Laurent Guillot	President, Flat Glass Sector (Innovative Materials <sup>1</sup> )
Benoit Bazin	President, High-Performance Materials Sector (Innovative Materials <sup>1</sup> )
Kâre Malo	President. Building Distribution Sector

*Liaison Committee*

<b>Chairman and Chief Executive Officer</b>	Pierre-André de Chalendar
<b>Membs of the general management committee</b>	
<b>General Delegates</b>	David Anderson, Dominique Azam, Mike Chaldecott, Erwan Dupuy, Thierry Fournier, Javier Gimeno, Benoit D'Iribarne, Thomas Kinisky, Thierry Lambert, Anand Mahajan, François-Xavier Moser, Hady Nassif, Tomas Rosak. Gianni Scotti
<b>Heads of the following activities</b>	Sekurit (Houchan Shoeibi), Glass Bâtiment Europe (Jean-Marie Vaissaire), Abrasifs (Patrick Millot), Matériaux Céramiques (Daniel Wiechec), Plastiques de Performance (Laurent Guillot), Adfors (Ralmund Heint), Canalization (Gustavo Vlanna), Gypse (Claude-Alain Tardy), Isolation (Claude-Alain Tardy), Mortiers (Jean-Luc Gardaz), Saint-Gobain Distribution Bâtiment France (Patrice Richard), Lapeyre (Gonzague de Pirey), Saint-Gobain Building Distribution UK & Ireland (Mark Rayield), Saint-Gobain Building Distribution Deutschland (Udo Brandt), Saint-Gobain Building Distribution Nordics (David Molho)
<b>Vice president, sustainable development</b>	Emmanuel Normant
<b>Vice president, purchasing and group information systems</b>	Frédéric Verger

The Liaison Committee meets three times a year.

*General Delegates*

Name	Main Function
David Anderson	General Delegate for Sub-Saharan Africa
Dominique Azam	General Delegate for Mexico, Central America, Venezuela, Colombia, Ecuador and Peru
Mike Chaldecott	General Delegate for the United Kingdom and Ireland

1. Pierre-André de Chalendar supervises the Innovative Materials Sector

Name	Main Function
Erwan Dupuy	General Delegate for Russia, Ukraine and the Commonwealth of Independent States
Javier Gimeno	General Delegate for the Asia-Pacific Region
Thierry Fournier	General Delegate for Brazil, Argentina and Chile
Benoit Iribarne	General Delegate for Germany, Austria and Benelux
Thomas Kinisky	General Delegate for North America
Thierry Lambert	General Delegate for the Nordic Countries and Baltic States
Anand Mahajan	General Delegate for India, Sri Lanka and Bangladesh
François-Xavier Moser	General Delegate for Poland, Bulgaria, Romania and Turkey
Hady Nassif	General Delegate for the Middle East
Tomas Rosak	General Delegate for the Czech Republic, Slovakia, Hungary and the Eastern Adriatic countries
Gianni Scotti	General Delegate for the Mediterranean (Spain, Italy, Portugal, Greece, Morocco, Algeria, Tunisia and Libya)

### *Functional Heads*

Name	Main Function
Fabrice Didier	Vice President, Marketing
Delphine Geny-Stephann	Vice President, Planning and Strategy
Charles Hufnagel	Vice President, Communications
Didier Roux	Vice President, Research & Development and Innovation
Frédéric Verger	Vice President, Purchasing and Group Information Systems

## RESEARCH & DEVELOPMENT ACTIVITY AND INNOVATION

### **Air Liquide: Innovation**

Air Liquide has made innovation a major area of development. Innovation-related expenditure reached €288 million in 2016.

“Innovation is a key growth path. Our innovation is part of an open ecosystem, centred on uses and supported by science, technology, customer experience and incubation of new activities. It focuses on the issues of energy and environmental transition, health and digital transformation.”

### **Alstom**

#### *Research & Development*

As a major actor of transport and mobility, Alstom invests continuously in research and development to increase the attractiveness and competitiveness of its offer for its customers and the passengers. Alstom is recognized for the development of new-generation

trains, components, cutting-edge signalling products and solution, as well as for innovative services and systems activities. All the R&D are focused to address the expectations of the customers and their passengers as well as taking into account the environmental and sustainability impact of its offers.

Alstom aims at proposing attractive solutions with high capacity and an optimized life-cycle cost to its customers.

Alstom is also committed to contributing to the environmental performance of rail systems by reducing railway system energy consumption (motor efficiency, weight reduction, eco-driving, etc.) and more generally the footprint of its solutions during the whole product life cycle from manufacturing to the end of exploitation and recycling.

### *Innovation*

#### → Innovation creating value

Because it enables Alstom to offer its customers more efficient solutions and lower costs of ownership, innovation is for Alstom a source of competitiveness, differentiation and a catalyst to win new contracts and markets. Major programmes include the complete renewal of mainline and urban train lines as well as the latest innovations in systems, signage and services.

Alstom intends to take full advantage of digitization (for example, predictive maintenance). Alstom is therefore making every effort to understand and anticipate the expectations of tomorrow's operators and passengers, who are at the heart of the innovation strategy. The company's target is that 30% of its orders come from newly developed products by 2020.

#### → Innovation governance

Innovation governance is fully integrated within a wider process, starting from innovation and detection of market needs, to R&D, calls for tenders and project delivery.

An Innovation Board meets every three months involving R&D and innovation managers as well as the Chief Technology Officer. This Board selects the most promising ideas submitted by Alstom employees and supports their development to ultimately include them in the R&D plan.

A worldwide network of innovation managers is in place on Alstom sites in order to deploy locally the innovation process and strategy and boost idea creation both internally and through external ecosystems.

More than 150 new ideas are submitted to the Innovation Board each year and around one third of them are funded via innovation programmes.

#### → Key initiatives

##### • Innovation ecosystems

Innovation at Alstom is supported by a rich ecosystem of research centres with which the company collaborates on its main areas of interest:

- Alstom has invested €14 million in EasyMile, an innovative start-up company developing the EZ10 electric driverless shuttle;
- a Joint Innovation Laboratory (JIL) has been set up with the *Institut national de recherche en informatique et automatique* (INRIA) in France, to reinforce its R&D and innovation in respect of the digital evolution and “systems of systems”;

- Alstom is a founder of two *Instituts de Recherche Technologique* (IRT) (Railenium and SystemX) and one *Institut pour la transition énergétique* (ITE) (Supergrid) in France. Alstom collaborates with these research centres on power electronics (with ITE Supergrid), on system control and supervision with IRT SystemX and on energy management with IRT Railenium;
- Alstom also has framework agreements with major research centres worldwide such as Politecnico Di Milano in Italy, IMS Cincinnatti in USA or UTBM in France as a means of developing innovation and competences in key areas of interest;
- Alstom is a member of numerous clusters in France (I-Trans, LUTB, Véhicule du Futur, etc.), in Belgium (Mecatech, Logistics in Wallonia) and in Italy (CRIT) in order to maintain close relationships with the ecosystems of small and medium enterprises, start-ups and universities and to set-up collaborative research programmes;
- Alstom is a shareholder of a venture capital fund, Aster Capital, which targets breakthrough innovations, just a few years before their large adoption, in the areas of digital energy, connected mobility and resources. Aster Capital is a valuable support for Alstom's strategy to detect early signals and collaborate with start-ups.

- **Innovation competition: “I Nove You”**

The “I Nove You” contest aims at rewarding the most innovative projects deployed at Alstom and strengthening collaborative work and synergies.

In 2016, more than 440 ideas were submitted by more than 1,500 participants. This shows a remarkable mobilization of teams across the Company. Diversity was a hallmark of the awards from cultural, geographic, gender, generational and technological standpoints. Innovations came from all the Alstom Regions and from a large range of functions (R&D, Engineering, Human Resources, EHS, Project Management, etc.), which led to a high level of cross-functional initiatives encompassing different business lines and cultures.

Sixteen projects were rewarded in the 2016 edition of the “I Nove You” contest. Many of them anticipate the development of new technologies and services linked to digitalization such as control centre virtualization or the Zero Emission Train project. The next contest will be organized in 2017.

## **Danone**

### *Research & Development*

#### → **Presentation of Danone's Research and Development**

Research and Development plays a central role in the implementation of Danone's growth strategy. Danone believes that food can play an essential role in addressing health challenges.

The Research and Development strategy focuses on four main innovation areas:

- progress: building bridges between science and food to contribute to the health of people of all ages, from the youngest to the oldest;
- reliability: committing to the nutritional quality of the products and managing natural resources sustainably;
- cultures: staying connected to eating practices, integrating cultural differences and local needs and encouraging healthier dietary practices within communities;

- well-being: promoting Danone's product categories to support daily health and well-being for all. Danone therefore conducts nutrition research, educates and trains health professionals on diet-related matters and contributes toward improved dietary practices for consumers through educational and informational campaigns.

The R&D strategy is based on a unique approach to nutrition, built by involving stakeholders concerned by public health challenges in the countries where Danone operates.

#### → **Research and Development organization**

The Research and Development function at Danone Nutricia Research has approximately 1,500 employees spread in the following locations:

- two international research centres: the Danone Research Centre Daniel Carasso (Palaiseau, France) and Nutricia Research (Utrecht, Netherlands);
- five specialized centres:
  - Danone Research Packaging, in Evian, France,
  - Nutricia Research Singapore, in Singapore,
  - Danone Research Fresh Dairy Technological Expertise, in Madrid, Spain,
  - Danone Research Fresh Dairy Technological Expertise, in Chekhov, Russia,
  - Dumex Research, in Shanghai, China
- local teams in 55 Danone subsidiaries

#### → **Scientific collaboration**

In their research, the Research and Development teams regularly work with external partners such as universities and public research organizations. For example:

- Danone benefits from the expertise of external scientific committees on strategic topics such as cultures including ones with probiotic potential or water;
- Danone maintains permanent contact with the scientific community to better understand health and nutrition issues. This collaborative scientific approach allows the pooling of investments and of resources and skills. This ongoing dialogue with scientists and researchers supports two of the commitments made by Danone in its Food Nutrition Health Charter. This Charter formalizes Danone's strategy in the nutrition and health area and is consistent with the main orientations set by the health authorities in many countries;
- As part of its contribution to nutrition research, Danone created the Danone Institutes (non-profit entities) to help strengthen understanding of the links between food, nutrition and health. As of end-2015, 16 Danone Institutes are established worldwide. Their initiatives cover everything from support for scientific research to information and training for health professionals, to education programmes for children and the general public.

### *Innovation*

#### → Danone's Research and Development innovation areas

Danone determines its Research and Development areas in accordance with the Company's strategy based on four innovation areas:

- Progress: bridging life science and nutrition
- Reliability: committing to nutritional quality and resource preservation

- Cultures: embracing local eating and drinking habits
- Well-being: promoting Danone's product categories

## **LafargeHolcim**

### *Research & Development*

**200 researchers representing over 20 nationalities working in R&D, 2,000 granted patents or patent applications.**

#### **→ R&D: an essential cornerstone of innovation**

Customer driven Research and Development is fundamental to our innovation strategy.

The hub of our R&D activities is the LafargeHolcim Research Center in Lyon, France, the first and largest R&D centre in the construction industry. With 200 engineers and technicians representing more than 20 nationalities, and a range of disciplines, its excellence is achieved through strong technical expertise from materials science to building structure, semi-industrial scale testing capabilities and advanced open innovation approaches.

The R&D Center in Lyon is complemented by a global network of Construction Development Labs (CDL) and advanced technical centres, in order to better understand and serve local markets. Composed of multidisciplinary teams, CDLs aim to develop new business opportunities through a focus on product application and construction systems, with a deep understanding of local customers and construction methods and conventions.

To further accelerate our time-to-market for new technologies, we are pursuing open-innovation strategies to solve complex problems. The vast majority of our R&D projects are conducted with external innovation partners, academic institutions, suppliers, end users or customers. In 2016, we identified 14 start-ups with high potential and collaborations were launched with three. We are also actively involved with innovation acceleration programmes and take part in leading European projects aimed at finding solutions to construction challenges such as recycling and low CO<sub>2</sub> binders. These collaborations expand the innovation capabilities of our research centre while helping us meet the needs of our end users and sustaining long-term growth of our company.

LafargeHolcim's patent estate is steadily growing as a result of R&D efforts, remaining the largest and most diversified in the cement and concrete industry. Patents range from cement manufacturing processes and construction solutions, to CO<sub>2</sub> footprint solutions and efficient waste management. In 2016 a total of 22 new patent applications were filed and approximately 140 were granted. LafargeHolcim now owns approximately 270 active patent families, representing about 2,000 granted national patents or patent applications.

#### **→ Delivering value through commercial performance**

Innovation is present not only in our products and services, but also in the way we execute growth opportunities. Anticipating customer needs early (sometimes before they are even aware of them) and being able to address them effectively requires a strong commercial backbone. At LafargeHolcim, we are developing this strength by institutionalizing sound commercial processes and building world-class commercial capabilities across our marketing and sales units.



### → **Launching growth plans**

A key pillar of our commercial strategy is the development of local growth plans where each country establishes how customer needs will be served through differentiated products, services and solutions. In 2016, every country across the Group developed a local plan for growth. By increasing understanding of our customers' needs and the markets in which they operate, these plans will ensure we make our customers more successful and we capture our fair share of the value provided.

### → **Capacity building**

Having the best people of our industry is also essential to deliver the value of our innovative solutions. To achieve this, in 2016 we established Sales Academies in the regions aimed at making our salespeople more skilled in identifying relevant customer needs, offering solutions and ultimately bringing more value to the customer and the Group. Within the Sales Academies we take a holistic approach based on an individual assessment, subsequent training modules to close any gaps identified, and ongoing development through on-the-job application. The Sales Academies will train all LafargeHolcim sales people, more than 7,000 in total. The pilot was launched in the US in 2016 with 500 participants.

In 2016, we also launched the first global Commercial Academy targeting the most senior leaders in our company. Country CEOs, commercial directors, marketing directors and sales directors attend the academy together as a country team. The aim is to further develop local commercial capabilities, methods and approaches to support local growth strategies and become more customer centric.

Together with complementary training, as well as toolkits for our marketing and sales units, these efforts help us achieve our ambition of creating commercial excellence hubs in the countries, ultimately supporting our commercial transformation.

### ***Innovation***

Innovation is key to creating superior value for our customers and driving profitable growth across our company. Our focus on innovation is a reflection of our commitment to put end users and customers at the heart of everything we do. This goes beyond new products and services.

By understanding what our customers do, listening to them and responding quickly with solutions we aim to make LafargeHolcim the partner of choice.

Our close relationships with customers and our grasp of their challenges drive the development of new products and services. With our expertise and know-how, we aim to offer our customers solutions that enhance their projects and build trust in our partnership. Beyond these solutions, our market growth activities are focused on creating new channels to serve our customers more effectively.

### **Differentiation across the construction value chain**

Our aim to become a preferred partner is evident across our business, from infrastructure to industrial sectors. With our market-oriented approach we are in a unique position to work closely with end users and customers, involving them in the development of solutions.

→ **Infrastructures**

LafargeHolcim impacts lives of billions of people daily through its contribution to roads and highways, railways and tunnels, bridges, airports and ports, and through the energy and mining sector.

Through our team of international key account managers, we are in the position to maintain strong relationships with contractors and designers globally. We are ready to get involved early, building partnerships with our customers right from the design stage of a project. This allows us to work upstream with key project stakeholders and infrastructure decision-makers. This approach is complemented by a comprehensive global network of infrastructure professionals with expertise far beyond cement into mining, roads, transport and energy. Our strong sectoral expertise and world-class excellence in project execution means that we are able to provide our customers with superior products and expert service at an attractive price.

Our approach to innovation and growth delivered value across our sectors in 2016:

- Mining: Driven by a Global Mining Hub unique in our industry, we were able to demonstrate our global expertise by providing backfilling solutions and becoming the partner of choice in several mining projects, especially in North America and Africa.
- Roads: Our road experts co-developed advanced integrated offers on targeted projects worldwide. We also launched the development of innovative product solutions and optimization tools to bring additional value to our customers.
- Transport: Our business and technical skills in ports, tunnels, rail, metro and data centres continued to deliver results, and we signed some major new projects.
- Energy: We participated in important thermal power and petroleum facilities projects with major international contractors. We also launched R&D initiatives in renewable energies.

→ **Distribution and retail**

Generating some 60% of our net sales, the distribution and retail sector plays an essential role in the success of LafargeHolcim. This sector also provides an opportunity to help us better serve and understand the needs of the different players at every point in the distribution chain.

Our distribution routes are tailored to the needs of our local customers and we are constantly expanding our physical presence by growing our sales network. One example is our depot and container shop programme, which aims to serve remote areas in countries such as Zambia and Uganda. Together with our networks of franchisees and affiliated partners, we also operate multi-product retail formats in Latin America (e.g. Disensa in Ecuador), Middle East Africa (e.g. Batistore in Algeria) and Asia (e.g. Helps U Build in the Philippines), providing attractive end-to-end solutions for individual home builders, homeowners, masons and contractors.

Our innovative packaging solutions illustrate our focus on the satisfaction of end users. With Mixopack, for instance, we have developed a unique packaging solution so that our cement bags disintegrate in the mixer to improve convenience and reduce waste. Through our strong cement and solutions brands (e.g. Fuerte in Mexico, Momtaz in Egypt and ACC Gold in India), we pursue commercial differentiation in each local market.

We also aim to take advantage of the proliferation of digital technologies in the retail sector. A key highlight this year has been the launch of our first business-to-consumer e-commerce platform, Disensa.com, a digital marketplace in Ecuador. Through the platform, homeowners and contractors can order building materials and other products online by selecting from a broad range of more than 3,000 items, helping customers realize their building or renovation dream conveniently.

#### → Building and affordable housing

Representing two-thirds of global construction expenditure, the building market offers a sizeable opportunity to provide value-added solutions to customers. From detached houses to office towers, schools to industrial buildings, we continue to unlock new value beyond the traditional market. Recent examples include:

- Airium, a mineral insulating foam that improves energy efficiency for buildings while being fire resistant and easily recyclable. With the launch of three pilots in Austria, France and Morocco in 2016, the commercialization of this technology is underway.
- DURABRIC, a low-cost, earth-based brick that does not require firing, thereby reducing deforestation. Through the launch of 14Trees, a joint venture with CDC, we will accelerate DURABRIC-based solutions in Sub-Saharan Africa and work jointly on the development of additional solutions for affordable housing.
- Solidia™, a new binder technology that hardens through the absorption of CO<sub>2</sub> allowing for a reduction of the overall carbon footprint of up to 70% while offering significant time gains in the curing process. The first significant commercial deals with US-based precast manufacturers as well as other major projects in Canada and Europe are on schedule for the commercial launch.

Four billion people around the world do not have access to decent housing, and over 800 million live in slums. To help populations with low revenue access housing at affordable cost, LafargeHolcim has developed a range of affordable housing solutions for populations and governments. These solutions include micro-finance, earth-cement building solutions, slum renovation and collective social housing. For the Group, affordable housing is a business activity with high social impact: the offers are implemented in 25 countries and aim to positively impact up to 25 million people by 2030.

With our engagement in Building Information Modeling (BIM), we are taking advantage of opportunities arising from the ongoing digitization of the construction value chain. BIM is a digital technology combining 3D models with information at all construction stages. This promotes collaboration and has the potential to significantly increase the effectiveness and efficiency of construction. We are developing the required know-how to ensure our countries are BIM-ready.

#### → Oil and gas

LafargeHolcim is the global leader in providing construction solutions for onshore and offshore exploration. We offer reliable solutions that meet local and international standards while performing under extreme climate conditions, from the cold tundra to hot jungles.

OneCem LD12.0, our patented cement for use in low density applications, allows our customers to easily adjust the slurry density on the drilling site by changing the water to

cement ratio. This product provides high performance, can be used under any pressure and provides excellent flexibility to our customers. Our offerings are complemented by a wide array of upstream and downstream services helping our customers to build better wells.

→ **Ready-mix concrete and industrial customers**

In the ready-mix business, two recent initiatives aim to optimize know-how and strengthen customer relationships. First, to build and optimize our product portfolio, we are working on cross-selling of our ready-mix concrete solutions. Cross-selling includes local and global brands, as well as related services. Second, we are optimizing mix design globally to promote common management of raw materials and consistent quality.

In parallel, for industrial customers, we are developing new offers through licences and franchise models to share our internal expertise regarding safety, marketing and innovation.

**Saint-Gobain**

Sustainable differentiation through innovation and R&D.

*Innovation, as a pillar of the Group's strategy*

Research and Innovation are integral to Saint-Gobain's strategy, with a desire to increase its share of sales of high value-added products and solutions in the most buoyant sectors.

Differentiation is one of the critical drivers of this strategy. This priority applies to all stages of the value chain, from innovation and design of Saint-Gobain's solutions in relation to its customers to the creation of tools and services. It specifically includes an ambitious marketing strategy aimed at better understanding, anticipating and formulating customer needs, as well as an R&D strategy that puts researchers in direct contact with customers to provide tailored solutions.

*Strategic and cross-business R&D programmes driving the Group's growth*

The main task of R&D is active and proactive support for the Group's numerous Activities through targeted research projects, yielding developments and innovations involving both processes and products or systems, thus strengthening the competitiveness of its Activities and serving Saint-Gobain's current markets.

Its second task is to prepare for the Group's future through strategic, and cross-functional R&D programmes by anticipating major changes in techniques and markets. These strategic, and cross-functional programmes, linked directly to the focus areas for the marketing teams, allow Saint-Gobain to organize skills common to the Group's various Activities and to improve its ability to develop key technologies.

*An innovation culture rolled out to the Activities*

This innovation culture has been rolled out to all Group's Sectors.

Opportunities are also being taken to combine expertise from several Activities through increased cooperation.

*A more cross-functional approach to innovation*

Saint-Gobain's development strategy and the gradual transformation taking place in the construction markets place the Group in an outward-looking position of attentiveness

to its customers' needs. To respond to current needs and anticipate future needs, Saint-Gobain is very open to a culture of partnership and co-development.

- Innovating through interaction for and with the Group's customers and partners:
  - Attentiveness to customer needs
  - Partnerships between R&D and Marketing
  - Open innovation
- Leveraging internal and external resources

### *Research & Development*

390 patents filed in 2016 – 3,700 R&D employees – 8 cross-business research centres

#### → Example of the innovative materials sector

With a unique portfolio of materials and processes in the areas of housing, mobility, health and industry, the Innovative Materials Sector brings the Saint-Gobain Group its culture of innovation.

In line with the strategy for the Sector, its R&D is devoted to serving customers by providing them with differentiated solutions.

It is supported in this aim by the Group's eight cross-business research centres devoted to focused technologies, and local teams close to production sites. Of the 3,700 researchers employed by the Group, 2,100 work in Innovative Materials. They work on over 600 research projects involving the design of new products and procedures, providing technical support to the sales and production teams.

Some development projects are aimed at maintaining technological leadership in current markets [...]. Other major programmes target new markets [...].

### *Innovation*

#### → Example of High-Performance Materials (HPM)

The HPM Sector is underpinned by strong materials science, formulation and design capabilities in ceramics, performance polymers and glass fibre.

Many of the Sector's products are developed jointly with customers to cater for specific customer needs [...].

In order to be closer to its markets, the Sector maintains a large sales force that is supported, in the largest countries, by logistics centres that allow it to provide quick and efficient service to customers.

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## APPENDIX E

# BUSINESS DEVELOPMENT (AS PART OF THE THEORY OF EVOLUTION)

*Competition and cooperation.  
Neither of these two associative modes prevails  
in the creation of the universe and the living world.  
Both participate.*

*There is one common flow, one common breathing;  
all things are in sympathy.*  
HIPPOCRATES

*Nothing is solitary, everything is in solidarity.*  
VICTOR HUGO

## INTRODUCTION

There are many ways of associating.

The different relational modes of association are distributed along a continuum<sup>1</sup> that goes from conflict, competition or opposition (the association experienced here is non-existent) to cooperation or mutual aid (the association is analysed here as a high form of interdependence), and has multiple gradations.

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1. Continuum: the concept of continuation of the instinctive behaviours we adopt from birth with the people and environment around us. According to this theory, the failure to perpetuate these behaviours from generation to generation has led to the human lifestyle that mean Western civilizations today are ill-adapted to life on Earth.

Thus, within the same organization or between different organizations, the association may be non-existent (conflict or total competition), partial or total (predation or parasitism,<sup>1</sup> amensalism,<sup>2</sup> commensalism,<sup>3</sup> coexistence, mutualism<sup>4</sup>).

The association is defined both by the nature and intensity of the links between the various associated parties, i.e. by the greater or lesser degree of interdependence, and by the consequences analysed in terms of costs and benefits – borne by each of the associated parties.

The choice of association – or non-association – thus results from the interests of some or of all in entering (or not entering) the said association, which places the notion of interest at the centre of the issue of association.

“In social science – in economics, of course, but also in sociology and moral and political philosophy – the dominant dogma since the 1970s and 1980s has been that everything in social life – actions, norms, institutions, beliefs, etc. – can be explained by the interplay of conflicting interests, whether conscious or unconscious. ... This is what I call the axiomatic of interest, or utilitarianism.”

In modern Western culture (as expressed and deployed since the last century) the notion of utilitarianism (and of conflict!) occupies a central place. According to this doctrine, utility (i.e. that whose use or employment is or may be advantageous and/or satisfy a need) is the principle of all values in the field of knowledge (pragmatism) and in the field of action (moral and economic utilitarianism).

Thus, utilitarianism prescribes whether or not to act with the aim of maximizing collective well-being, which is then defined as the sum or average well-being (aggregated) of all “sentient entities”. The underlying notion of conflict boosts that of competition.

The paradigm shift introduced by the creation of the business development function strikes us as very interesting. Indeed, recent research (biology, ethnology, epigenetics, etc.) is rethinking our understanding or, more precisely, restoring a more accurate interpretation of Darwin’s work and the theory of evolution.

For a long time, collective thinking tended to assimilate the “law of the jungle” and “the survival of the fittest”. Darwin’s theory suggests that it is the organisms, beings and groups best adapted to their environment and its evolution that survive. And not necessarily the strongest.

Moreover, it is interesting to consider the conclusions of Darwin – whose work was mainly conducted in an environment of abundance, the Galapagos Islands – in view of the findings of research carried out by the geographer and anthropologist Piotr Kropotkin

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1. Parasitism or predation: in a parasitic association, the symbiont\* can harm its host.

\* Once the symbiont is attached to it, the host sees all its faculties multiplied (strength, reflexes, etc.), and develops a gift of regeneration. The symbiont also feeds on the adrenaline of its host.

2. Amensalism: biological interaction between several partners in which said interaction proves negative in terms of selective value for one of the partners while it proves neutral for the other, i.e. implies neither cost nor benefit for the latter

3. Commensalism: natural and frequent or systematic biological interaction between two living beings in which the host provides part of its own food to the commensal. Optional temporary or definitive relationship with a non-reciprocal benefit but without harm to the host.

4. Mutualism: mandatory or non-mandatory relationship with a mutual benefit for each of the partners involved in the association

in a hostile environment. In such an environment, Kropotkine found that the organizations that survive best are those that help each other the most, i.e. those that associate the most.

In a way, the emergence of the business development function can be seen as an organizational and managerial translation of evolutionary theory.

Somewhat removed from strictly organizational and strategic issues (yet so close!), the following pages propose to explore the notions of evolution, competition and cooperation in the formation of the universe and the living world in order to shed new light on competition and cooperation.

The adopted approach – based, as ever, on complex thought, which we cherish – will be to dialogically examine the two apparently opposing terms of competition and cooperation. In the long term, it may be a matter of considering them not as mutually exclusive, but rather, in the context of a BD function, of considering them together, of associating them, and defining the spaces, times, modalities and effects of competition and cooperation.

The ambition of these few pages is to propose a (too) brief examination of some ideas and notions stemming from scientific disciplines and their rapid confrontation with the world of organizations. The hope is that this first incursion into the living world will throw new light on how it functions, allowing us to identify some of the universal laws that govern the universe, living things, organizations and systems.

## **THE THEORY OF EVOLUTION: A REMINDER**

Management literature and business schools have long praised the merits, if not the necessity, of competition.

In an environment that is essentially perceived as competitive and where resources are scarce and finite, only the strongest, i.e. the best competitors, prevail. Backed up by a partial and biased reading of the theory of evolution, this thinking quite logically encourages ever more competition, valuing the qualities of the fighting spirit, strength, confrontation, pugnacity, even aggressiveness or lack of empathy. “If there’s only one left standing, I’ll be that one!”

This may have resulted in a certain hypertrophy of our culture of competition, and a relative atrophy in regard to generosity, altruism, benevolence, solidarity and cooperation.

However, contrary to the notion upheld since the end of the 19th century and especially since the 20th century, the theory of evolution does not say that only the strongest triumph after fierce and merciless competition (the famous “law of the jungle”). Rather, it argues that the best adapted survive.

What is more, the work of researchers in biology (in its many branches), sociology, economics, philosophy, etc., assert today that it is not only competition that is at work in the survival processes of species and organizations, but rather the alternation, or even the concomitance of competition and cooperation that create the conditions for the appearance and maintenance of the life of plants, beings and communities.

Formulated in 1859 by English naturalist Charles Darwin, the theory of natural selection has held sway for over a century. According to Darwin, the biological evolution of species stems from a movement of natural selection and vital competition. It is an extension



of the theory developed at the beginning of the 19th century by Jean-Baptiste Lamarck according to which the extinction or persistence (mutant included) of certain species, as an integral part of the general evolution process of species, is based on a dual principle of transmission of acquired characteristics and adaptation to the environment.

It should be noted that the synthetic theory of evolution, a synthesis of various 19th-century and early 20th-century biological theories, uses random mutations of genetic heritage and a natural selection of random differences as acceptable mechanisms of evolution.

Darwin's approach has since been enriched by the contribution of more recent scientific disciplines, such as molecular biology and population genetics. Pierre Kropotkin, a contemporary of Darwin, had already added a significant nuance to Darwinian theory by observing that in hostile environments, cooperation and mutual aid were essential and created the conditions for survival: it is necessary to join forces to survive.

In this perspective, some authors consider that the theory formulated by Darwin accounts for only some of the mechanisms of evolution and that other mechanisms are at work to explain and influence the movements that have traversed the living world, from the formation of the universe – or the macrocosm – to humans – the microcosm. There are three pairs of concepts to keep in mind when discussing evolution:

- Unity in diversity
- Permanent dialectic, imposing often restrictive but creative choices of order and freedom.
- The coexistence at all levels of complexity of reality, competition and cooperation

## UNITY IN DIVERSITY

*Creation by the attraction and addition of elements,  
for atoms and planets alike; unity in diversity,  
for matter and for the solar system:  
these are two laws that should be memorized.*

### **Without diversity, no life**

The world exists on the condition of diversity: the chemo-diversity of atoms, cosmo-diversity of planets, stars and galaxies that make up the universe (or at least our solar system) and biodiversity of the living world.

Diversity is the “rule”, the founding principle. But this diversity is not chaos. Its constituent elements are engaged in a coherent, specific, unique and united system. It is the principle of uniqueness in diversity that characterizes not only the cosmos, but also the living world.

Why? Because these elements, although diverse, separate and distinct, are linked to each other in a relationship of interdependence (i.e. mutual dependence, characteristic of autonomy).

Moreover, no fertile encounter is possible between perfectly identical or separate beings. The impenetrable space between two beings, a true sexual barrier, makes any fertile mating impossible.

The same is true at the scale of organizations, structured externally and internally as disconnected silos. Such an organizational mode may be useful in isolating and limiting risks to a given space and thus limiting the chain reactions of contamination from one entity to another (thereby protecting the organization from a major systemic risk) but it carries with it the risk of sterility.

Similar to what researchers have observed in low biodiversity isolates, animals and plants are exposed to limited biological competition and tend to settle and evolve on their own account. Provisionally protected from vigorous and dangerous competition, these isolated homogeneous species can nevertheless be the starting point for a new evolutionary thrust if they come into contact with other species.

Following this isolation, the loss of homogeneity and the encounter with the Other create conditions that are conducive to the emergence of a new organization of increased diversity.

### **Two opposing and complementary forces, which are life creating**

*Molecular cooperation among the first living creatures  
and selection oppose one another  
and act jointly from the very start.*

Evolution is not, in itself or in its production mechanisms, a linear movement. If it progresses by adjunction and addition, it is also the seat of other opposing processes such as dislocation, and others that are often paradoxical and may appear contradictory. It is a process of complexification and sometimes simplification under the effect of sorting for the most appropriate functions, entities and beings.

Astrophysics states that the universe was formed by dilation from the Big Bang.

The inverse movement of condensation or concretion<sup>1</sup> led to the formation of galaxies, stars and planets.

Like what has happened (and is still happening) on the macrocosm scale (dilation and condensation), a double dynamic of expansion and contraction characterizes the living world.

The accretion process (i.e. the agglomeration of elements under the influence, in astrophysics in particular, of gravitational forces) results from an additive phenomenon produced by the condensation of matter. On the other hand, reduction and/or separation processes are at work. Thus, attraction is accompanied by a simultaneous and inverse repulsion movement, with both forces reaching an unstable equilibrium, but equilibrium nonetheless. “Like all the balances of the cosmos, and like all balances in life or society, it evolves. ... Through the addition of elementary particles, new, totally original entities are born, so much so that it is true that the whole is always more than the sum of its parts. ... From the very beginning, the cosmos reveals itself to us in all its elements as an entity in continual transformation and perpetual becoming.”

Organizations, understood in their organic, i.e. living, dimension, also proceed from this dual logic – or dialectical law – where growth and reduction follow one another, or even intermingle.

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1. Concretion: Taking on a more solid consistency.

How can the two principles be exercised human organizations:

- that of progression (organic and external growth; i.e. by successive additions of new entities; centripetal forces) and regression (concentration by divestment of activities or companies; centrifugal forces), concomitant (simultaneous) or successive (alternating) forces
- that of unity in diversity, heterogeneity both preserved for its richness and contained to ensure a form of coherence

When we admit that they are the very condition of their existence and sustainability?

The history of matter is a precursor to the history of living matter, which constitutes a conceptual and explanatory framework that strikes us as relevant in understanding the interplay of the forces at work within organizations and the systems they constitute, with those that populate their environment.

We repeat: the forces of construction (erection of an increased and thus complexified organization) and destruction (erosion, dislocation or fragmentation of an organization by separating some of its elements from the heart of the company) are continually at work, constantly shaping the organization that from then on presents itself to the world in a constantly changing form under the effect of never-ending transformation. This uninterrupted pulsation is a sign of the cosmos and of the living.

It should be remembered that, undoubtedly, periods of calm are necessary in these constant comings and goings so that the organization and above all those who constitute it, can catch their breath, regain strength, and enjoy (at least for a time) the new equilibrium thus achieved.

## THE DIALECTIC OF ORDER AND FREEDOM

*Adapting means adopting a new way of life and empowering ourselves.*

The biology of organisms reminds us that “*in moving from the free cell to the multicellular being, life takes a decisive leap, but at the cost of a heavy sacrifice for each cell integrated into a complex organism: it will henceforth have to accept the law of the group and renounce the free deployment of all the potentialities contained in its genetic heritage. Structural improvement requires sacrifices.*”

There are several theses concerning the appearance of the first multicellular beings, for example:

- the thesis of intense competition between bacteria and nucleus cells
- cells join together (construction of organisms by adding and coalescing the cells, i.e. by splicing two surfaces in contact) to counter the dynamism of bacteria. The cells located in the centre, sheltered from intense competition and selective pressure, were able to develop by protecting themselves from too much environmental pressure.
- botanical thesis (see the works of the English botanist E. J. H. Corner)

“In plants, the first true multicellular organisms seem to have developed in their efforts to conquer rocky shores or a shallow seabed. ... The plankton cell (a set of animals and

plants floating passively on the surface of the water), by successive divisions of its single cell, forms a coherent tissue capable of solidly anchoring it to its support.”

The coastline is thus seen as the site of the passage of unicellular to multicellular plant life.

By extrapolating this thesis, one is reminded of one of the laws of life, according to which “new developments often occur in border regions, at the intersection of different environments enriched by their respective contributions and opposing challenges to the beings with whom they are confronted”.

Human history is also governed by this universal law, according to which evolution occurs on the margins. One need only cite, for example, the emergence and expansion of Christianity, born in the Middle East, on the borders of the Roman Empire, in territories that were open to Asian influences.

Both theses state the principle of partial reduction of the freedom of the single cell organism (inhibition of certain potentialities) in subordination to the laws of the “higher” organism to which it now belongs (more complex society). Thanks to this arrangement, everyone benefits, in return, from the viability and stability of the whole.

The same applies to elaborate human societies, where part of the autonomy of the constituent elements is abandoned in favour of the group, which can thus ensure its own survival and that of its parts. Freedom pays a certain tribute to the order and protection afforded by the organization as a whole, which benefits from individual “sacrifices”.

This is true for living organisms (single and multicellular organisms), as well as for the child towards its parents or even at the level of nations. The history of humanity is an illustration of the abdication of (all or part of) freedom for the sake of order, protection and thus viability.

Two movements coexist in the creation of a complex body or organization: an associative movement – which itself relies on or leads to a process of differentiation and specialization – and a movement of loss of independence.

In a complex organism, as in an ecosystem, autonomy is analysed in terms of interdependence.

## THE COEXISTENCE OF COMPETITION AND COOPERATION

*The Solidarity of men is the invincible corollary  
of the solidarity of the universe.*

VICTOR HUGO

Competition and cooperation, seemingly contradictory movements, turn out to be complementary. While the latter stems from the complexification mechanisms produced by additivity and symbiosis,<sup>1</sup> the former stems from the logic of sorting and elimination, which Darwin called natural selection.

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1. A close association of two or more different organisms, that are mutually beneficial or even essential to their survival. (Symbiosis is common between micro-organisms [symbionts] and plants or animals.)

In a Darwinian approach, natural selection mechanisms emphasize the elimination and disappearance of the weakest, least capable, least fertile beings and organisms, in a word the least adapted to a given environment and situation; in other words, the processes of competition.

Without calling these competitive processes into question, more recent work by biologists focuses on additive and symbiotic mechanisms, i.e. association and cooperation, which are highly creative and constructive.

### **An example of archaic cooperation**

From geology to biology, accretion and concretion mechanisms are at work: “These molecules (editor’s note: amino acids, sugars, etc.), combining with each other, illustrate once again the additive phenomenon already mentioned for atoms, planets and continents. Once again, this principle is creative: the creation of heavy, complex molecules with properties that differ from those of the basic molecules that produced them by combining.”

### **An example of competition in a hostile environment (that is, one threatened with shortage)**

“Traces of the oldest organisms go back to -3.5 billion years ago, found on rocks in Swaziland, South Africa. These early organisms doubtless fed themselves on primitive soup (editor’s note: primitive soup or ‘hot dilute soup’ according to the expression of the English biologist J. B. S. Haldane, who used this terminology to designate the ‘broth of molecules developed in the primitive atmosphere and accumulated in the oceans’), which is gradually becoming depleted in nutrients by over-consumption. It is then that life, threatened with shortage, makes a great leap forward. Certain organisms captured a green molecule, chlorophyll, in the primitive soup, and managed to synthesize their own food – sugars – from water and carbon dioxide dissolved in the ocean.”

Furthermore, biologists frequently refer to the phenomenon of repetitiveness as constituting an essential characteristic of the living world: living beings “reproduce themselves, from generation to generation, by scissiparity (editor’s note: asexual mode of reproduction by simple division of the organism, *Le Robert dictionary*) or sexual reproduction”.

Added to this phenomenon is that of additive activity, which marks the transition from a simple to a more complex structure.

It is specified that “sustainable additivity in the world of matter, successful symbiosis in the living world, is often only the result of failed aggression, which is later resolved”.

The growth and development mechanism is also found in communities and in animal and plant groupings that organize themselves into coherent ecosystems.

This process can be observed in the business world: external growth by adding separate entities with the aim of creating a whole that is better adapted to its environment and more capable of ensuring the survival of the parts and, above all, the viability of the new organization thus constituted.

The paradox remains that of growth, as discussed previously: the more an organization grows (particularly by means of additivity), the more complex and fragile it becomes.

## IF WE HAD TO GO FURTHER ...

### **Superiority of altruism and mutual aid?**

For evolutionary theory biologists, “Altruistic groups supplant selfish groups”.

In other words, “in the order of living organisms, from bacterial societies to human societies, cooperation is hierarchically superior to competition”.

“A careful examination of the spectrum of living things – from bacteria to plants and animals to human societies – reveals that mutual aid is not only present everywhere, but has been since the dawn of time. It’s simple: all living beings are involved in mutual aid relationships. All of them. Mutual aid is not merely an anecdote, it is a principle of life. It is even a mechanism for the evolution of living things: the organisms that best survive difficult conditions are not the strongest, they are the ones that can cooperate.”

### **The gift paradigm: reciprocity**

For the anthropologist “at the heart of the social relationship, one does not find the market, the contract or give-and-take, but ... the triple obligation to give, receive and return. Or, if you prefer, the law of reciprocity.”

Wealth creation occurs when there is an exchange, i.e. a link. The “war of all against all”, as one of the fathers of liberalism put it, can prove to be deadly and sterile because it destroys ties. Circularity – and the interdependence it implies – is vital to life.

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## APPENDIX F

### FOLLOW-UP PROJECT EMAIL, EARLY APRIL 2018

*16 April 2018*

Dear all,

I would like to follow on from our recent seminar and reiterate my thanks for your contributions. This moment of exchange allowed us – I believe – on the one hand to better grasp how everyone understands the notion of Business Development and on the other hand, to begin to pool our ideas on how to implement this function within the Altrad Group.

Better defining the implementation and integration of this activity, whose outlines and methods still need to be further defined, is part of the more general context of the Group's transformation. As you know, the recent acquisitions made by Altrad make our company a plural and complex entity, one that is fast-growing and committed to global leadership.

Our objective is to consolidate and pursue the Group's growth. To achieve this, we must continue to invent our future and engage our teams, our current and future customers in an ambitious, original, attractive and relevant adventure.

#### **Together, let's innovate and create "Altrad 2020"**

"Building is our life": designing and providing equipment and tools for construction, accompanying major clients in the field of industrial services, such is our mission.

Our strategic ambition is to become and remain the essential partner of our customers and to offer ever more safety, simplicity and reliability to enable them to successfully meet their own challenges.

Responding effectively to their current demands and anticipating their future needs presupposes an exemplary quality of listening and knowledge of our markets. This takes the path of a Business Development function capable of sustaining, in a coordinated and optimized manner, our efforts to grow and conquer new territories.

What are the next steps to continue the reflection that we embarked on together and to start considering the first phases of implementation of a new development strategy?

## LET'S INVENT OUR TRANSFORMATION PROJECT AND IMAGINE OUR CUSTOMERS' FUTURE

You have a blank page on which to write the Group's transformation and organization project.

- **Why?** What do you see as its *raison d'être* and unique contribution to the global industrial landscape? In other words, what is the Group's purpose? What (in a few words) does it exist for? What is its ultimate ambition?
- **How?** What is the "differentiating value proposition" of the Altrad Group in its current configuration and going forward? How does (or should) Altrad go about fulfilling its ambition?
- **What?** In concrete terms, what services does the Group offer? Does it respond satisfactorily to the expressed needs of its customers? What needs are not yet being met? Which needs have not yet been identified by its customers and which ones could be better updated and satisfied by the Group? What could its future offer be?

## LET'S CAPITALIZE ON OUR EXCHANGES AT THE BEGINNING OF APRIL: WITH YOUR FEEDBACK

### Leading question

In what way – and how – can the implementation of a Business Development function:

- complement and strengthen the Group's current organization,
- support its reorganization project, and
- prove to be a relevant response to Altrad's ambition?

### Methodology

In order to set up such an integrated and efficient BD function, what would you suggest we:

- **continue doing?** What would you choose to keep as is?
- **change?** What changes would you make and to what?
- **stop doing?** What practices currently in force within the Group or your company/Progress Unit seem to you to hinder an effective BD strategy?
- **initiate?** What new work habits and innovations would you recommend?

I would be grateful if you would send us your answers by email by (DATE TO BE COMPLETED).

Your insights and proposals will contribute to the drafting of a summary document available in June, which will serve as a basis for our seminar in December 2018.

Thank you very much for your contribution.

MOHED ALTRAD



## Executive contribution summary

### BD STRATEGY

BD strategy: roadmap for Regional Directors:

- Winning criteria
- Main drivers & focus
- Values & principles
- Organization
- Objective: Deliver sustainable revenue and profit growth but also, one of the aspects indirectly identified by several contributors, make the value of the Altrad brand known (locally and globally).
- Items we had already worked on (excellence, values) to embed the whole BD strategy in Altrad culture.
- This document could serve as a starting point for a more detailed description of each of the points, in particular those relating to the organization of the BD function.

## Altrad: Business Development Strategy



Deliver sustainable revenue and profit growth while increasing the value of the Altrad brand worldwide

### Winning criteria

#### Sales and Marketing Excellence

- Build value of the brand and worldwide reputation
- Construct and maintain first high quality relationship with clients
- Become customer's preferred choice

**Operational Excellence**  
Continuously improve quality and efficiency to deliver the right service/product at the right time, at the right cost and price

**Innovation Excellence**  
Develop good products, services and processes that anticipate and respond to clients' needs

### Main drivers & focus

#### Customer service and experience

Make Altrad products and services desirable, easy to

- Deliver industry best products, processes and services
- Ensure safe products and robust services ("zero" risk)

**High-value segments**  
Seize opportunities and compete where Altrad captures the full value of its brand

**Mastering complexity**  
Manage the necessary and eliminate the unneeded

### Freeing constructive and successful energies

### Values & principles

#### Humanistic approach to conducting business and managing people

- Conviviality
- Courage
- Excellence
- Humility
- Multiculturalism
- Respect
- Solidarity

**Nurturing a performing and collaborative environment**

- Act with integrity, trust and accountability
- Energize and empower the teams
- Promote collaboration
- Be agile and embrace change
- Focus on people and value creation
- Deliver results

### Placing the client at the heart of the strategy

### Organization

#### Central BD coordination

- Provide market intelligence, identify opportunities and risk traps, build on relationships, service key clients and manage key accounts
- Ensure connection between BD and Operations, encourage cross-selling opportunities, limit internal competition, share and spread best practices
- Support decentralized strategy, growth and delivery using proper judgment

**Matrix and PU based organization**

- Minimal layers of management
- Cross-functional, country and region collaboration
- Autonomy

**Regional BD implantation and implementation**

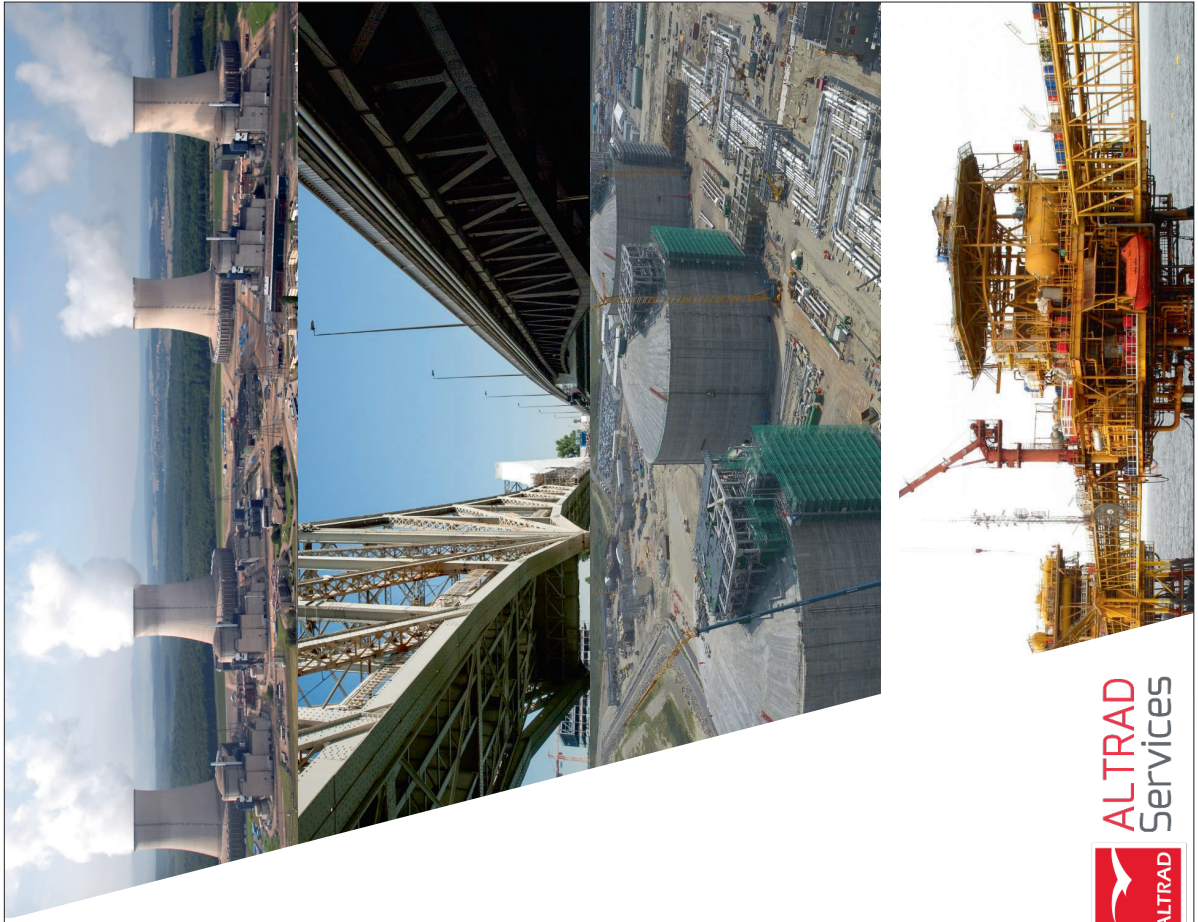
- Use of local resources for execution
- Raise awareness and engagement of all in BD

### Building a strong, integrated and multicultural culture

### Unifying a diverse Group while preserving its nimbleness

# ALTRAD Business Development Strategy

Board of Directors  
20 March 2018



## Brief definition of Business Development (BD)



### Supporting growth with joint efforts

BD, a function that has appeared only recently in the US, comprises the tasks and processes that contribute to the **preparation and support of business development** and the implementation of growth opportunities within a company and between several organizations

A lever for company survival and competitiveness

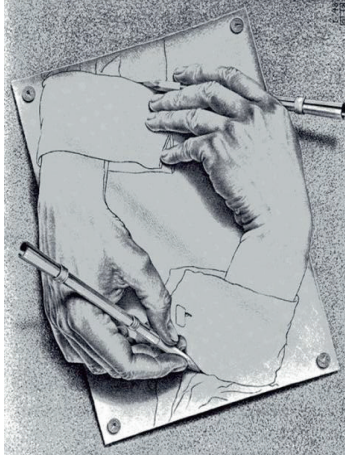


The art of mobilizing the various stakeholders: *business development* corresponds to **the long-term creation of value** within organizations through:

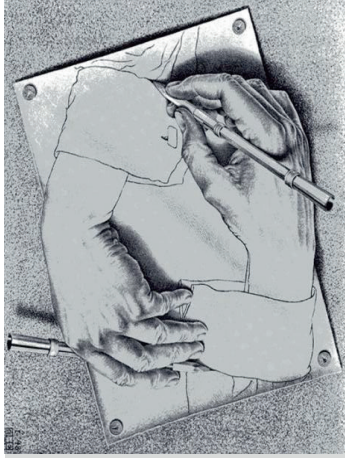
- customers (retaining and attracting new customers)
- markets (expanding the sales offer by developing new products and/or services)
- external relations (partnerships)



## Brief definition of Business Development (BD)



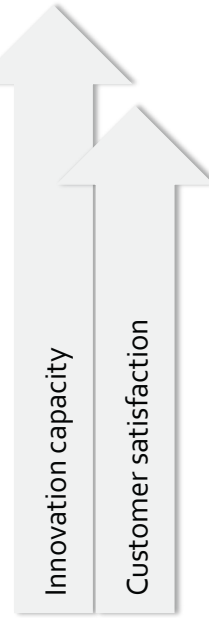
A two-fold strategy  
to continuously seek  
growth opportunities



### Innovation and proximity for customer satisfaction

- BD enables simultaneous:
- product orientation and
  - market orientation

with focus on two areas at the same time:



Going beyond a strictly functional approach (silos), BD is based on:

- **collaboration** and
- **interdependence**

by getting the different departments of a company to work together



## Pertinence of implementing a BD strategy for the Altrad Group



### Stakes

Altrad's competitiveness in a competitive, changing, volatile and unpredictable environment

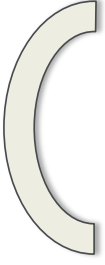


### To maintain and consolidate Altrad's growth

- Constantly evolving need for
  - **optimized match** of the company's offer with the demands of its customers/market
  - **competitive positioning** or competitiveness



Exponential growth dynamic, both organic growth and through acquisitions made by Altrad over the past few years



- Constant fight against loss of competitiveness that may result in
  - gradual or rapid weakening of growth
  - a drop in company profitability
  - a reduction in its investment capacities



## Promotion of a pragmatic approach, respectful of the culture and management principles of the Altrad Group



### Darwin's theory of natural selection and evolution

The biological evolution of a species results from a process of natural selection and competition to survive

### Belief

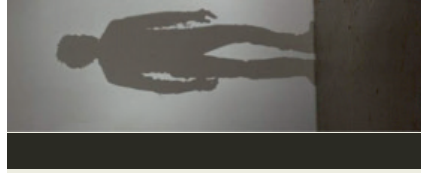
In an environment seen as being competitive, where resources are rare and limited, only the strongest, i.e. the best competitors, will win

### Consequences

- ➔ Certain hypertrophy of our competition culture
- ➔ Relative atrophy of generosity, altruism, benevolence, solidarity and cooperation

### Originality

Seeing BD as an organizational and managerial interpretation of the theory of evolution



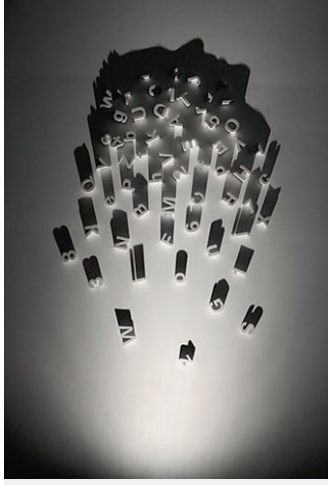


Promotion of a pragmatic approach, respectful of the culture and management principles of the Altrad Group



## Agility

Combining cooperation and competition to optimize the Group's adaptability and the pertinence of its strategy



### The results of recent studies

Competition is not the only process at work in the survival of species and organizations; alternate and even concurrent competition and cooperation create the right conditions for plants, living beings and communities to develop and survive


From the formation of the universe (macrocosm) to humans (microcosm)

## 3

mechanisms explain and influence the movements that have persisted in the living world

- **unity** in **diversity**
- permanent dialectic of **order** and **liberty**
- co-existence of **competition** and **cooperation**



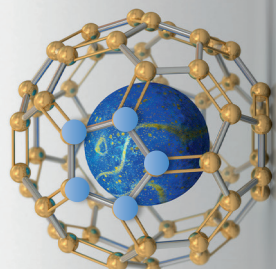


## Promotion of a pragmatic approach, respectful of the culture and management principles of the Altrad Group

### The solution

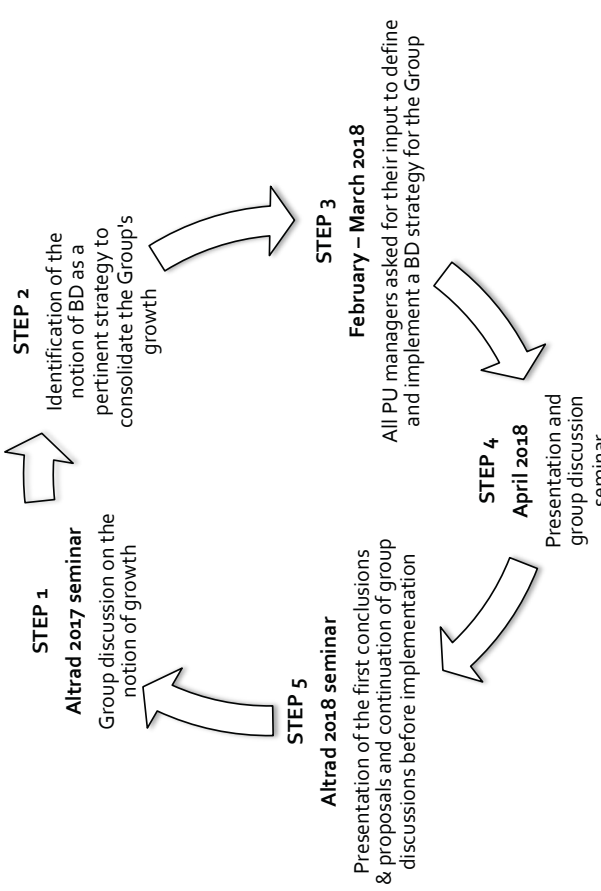
To come up with a strategic, original and personalized approach to success



### A collaborative methodology from design to implementation

1. Simultaneous discussions at the level of the Holding Company and the Progress Units
2. Consolidation and selection of the ideas and solutions envisaged according to the Group's culture and management principles



7

## Initial conclusions



Deliver sustainable revenue and profit growth while increasing the value of the Altrad brand worldwide

### Winning criteria

#### Sales and Marketing Excellence

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- Construct and maintain first quality relationship with clients
- Become customer's preferred choice

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Continuously improve quality and efficiency to deliver the right service/product at the right time and at the right cost and price

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### Main drivers & focus

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#### High-value segments

Seize opportunities and compete where Altrad captures the full value of its brand

#### Quality

- Deliver industry best products, processes and services
- Ensure safe products and robust services ("zero" risk)

**Mastering complexity**  
Manage the necessary and eliminate the unneeded

Freeing constructive and successful energies

Placing the client at the heart of the strategy

### Values and principles

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- Conviviality
- Courage
- Excellence
- Humility
- Multiculturalism
- Respect
- Solidarity

#### Nurturing a performing and collaborative environment

- Act with integrity, trust and accountability
- Energize and empower the teams
- Promote collaboration
- Be agile and embrace change
- Focus on people and value creation
- Deliver results

### Organization

#### Central BD coordination

- Provide market intelligence, identify opportunities and risk traps, build on relationships, service key clients and manage key accounts
- Ensure connection between BD and Operations, encourage cross-selling opportunities, limit internal competition, share & spread best practices
- Support decentralized strategy, growth and delivery using proper judgment

#### Matrix and PU based organization

- Minimal layers of management
- Cross-functional, country and region collaboration
- Autonomy

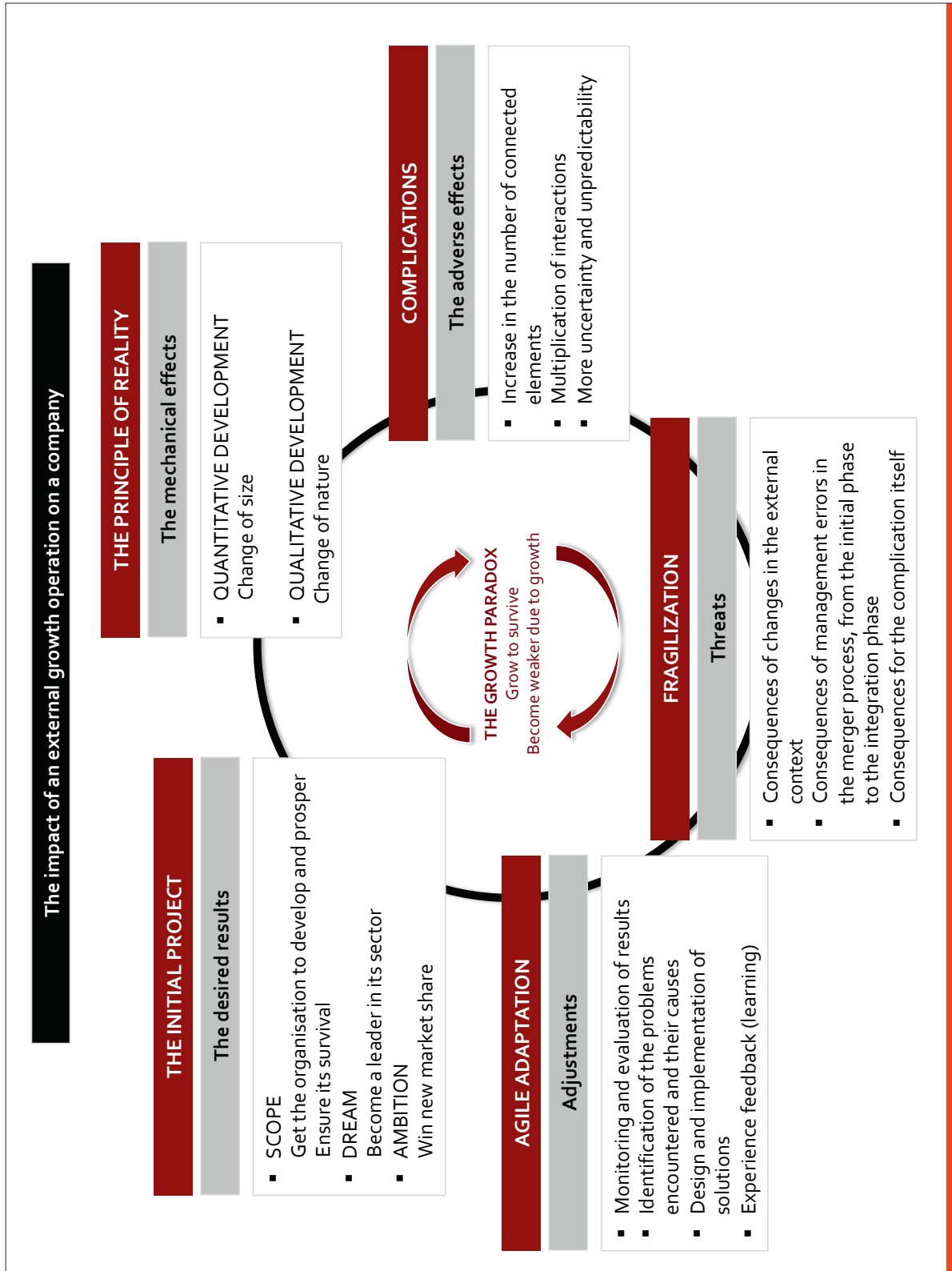
#### Regional BD implantation and implementation

- Use of local resources for execution
- Raise awareness and engagement of all in BD

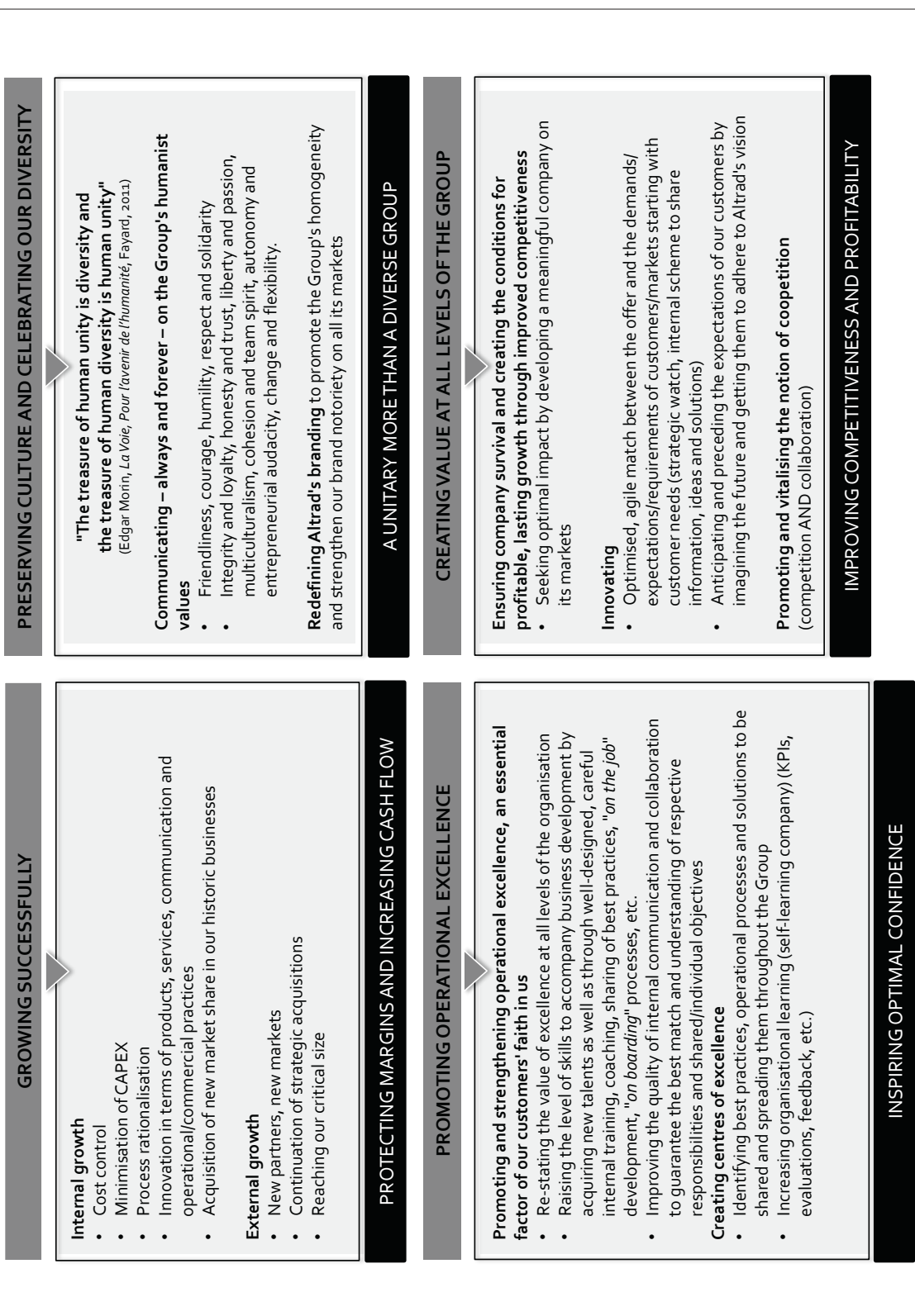
Building a strong, integrated and multicultural culture

Unifying a diverse Group while preserving its nimbleness





## Priority stakes for the Group



## The priority stakes of the Group

### GUARANTEERING SAFETY AND ETHICS

#### Promoting impeccable conduct and behaviour and developing a culture of conformity

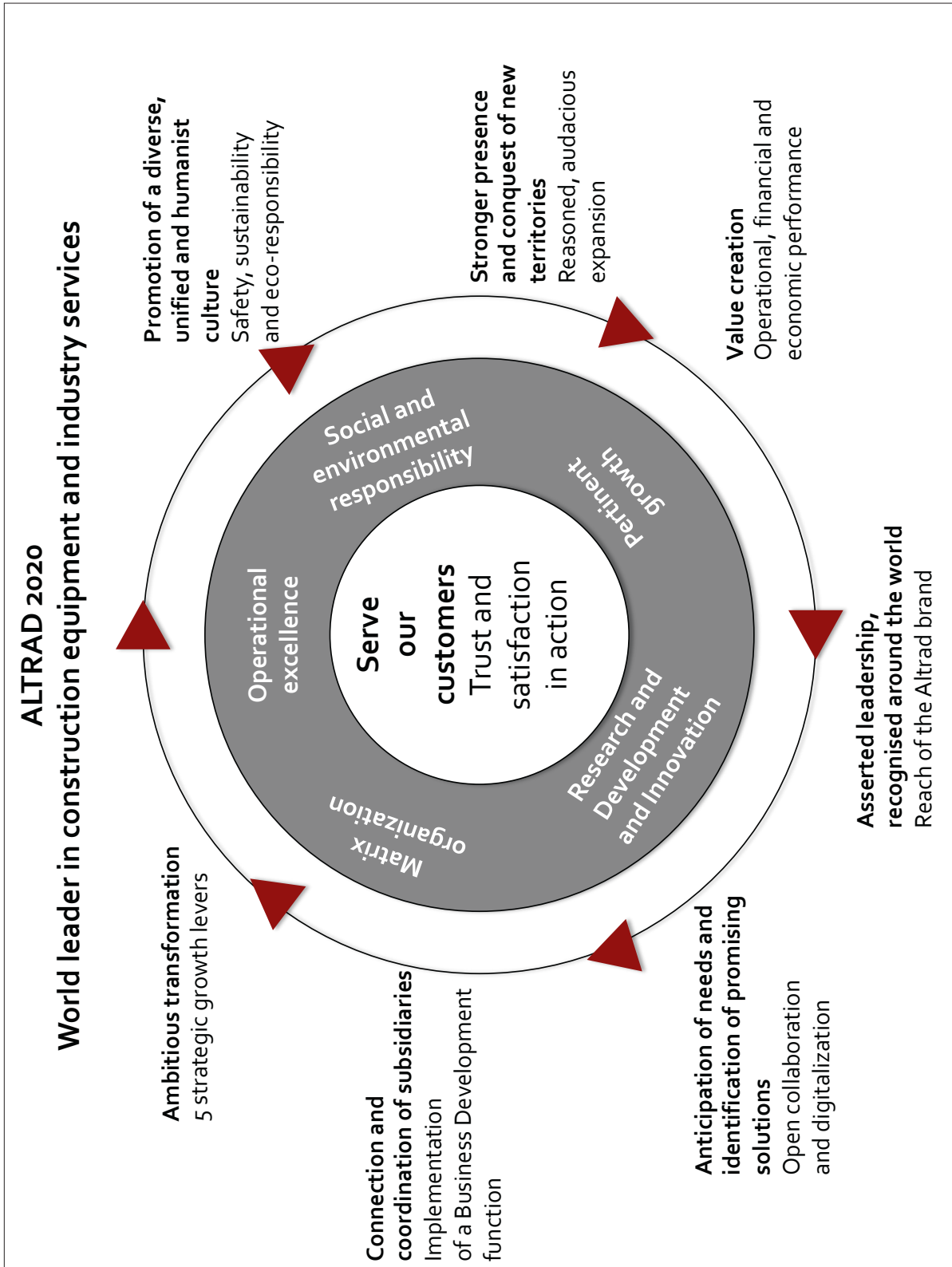
- Careful respect of deontology and company values
- Respect of legal and regulatory measures regarding competition
- Prevention of corruption
- Implementation of a conformity programme and specific teams at all levels of the Group (training, best practices, etc.)

#### Implementing the highest level of safety






for facilities, assets and systems to ensure a safe and reliable environment for our customers and employees

#### Encouraging eco-responsibility as part of a sustainability approach covering all our products and services

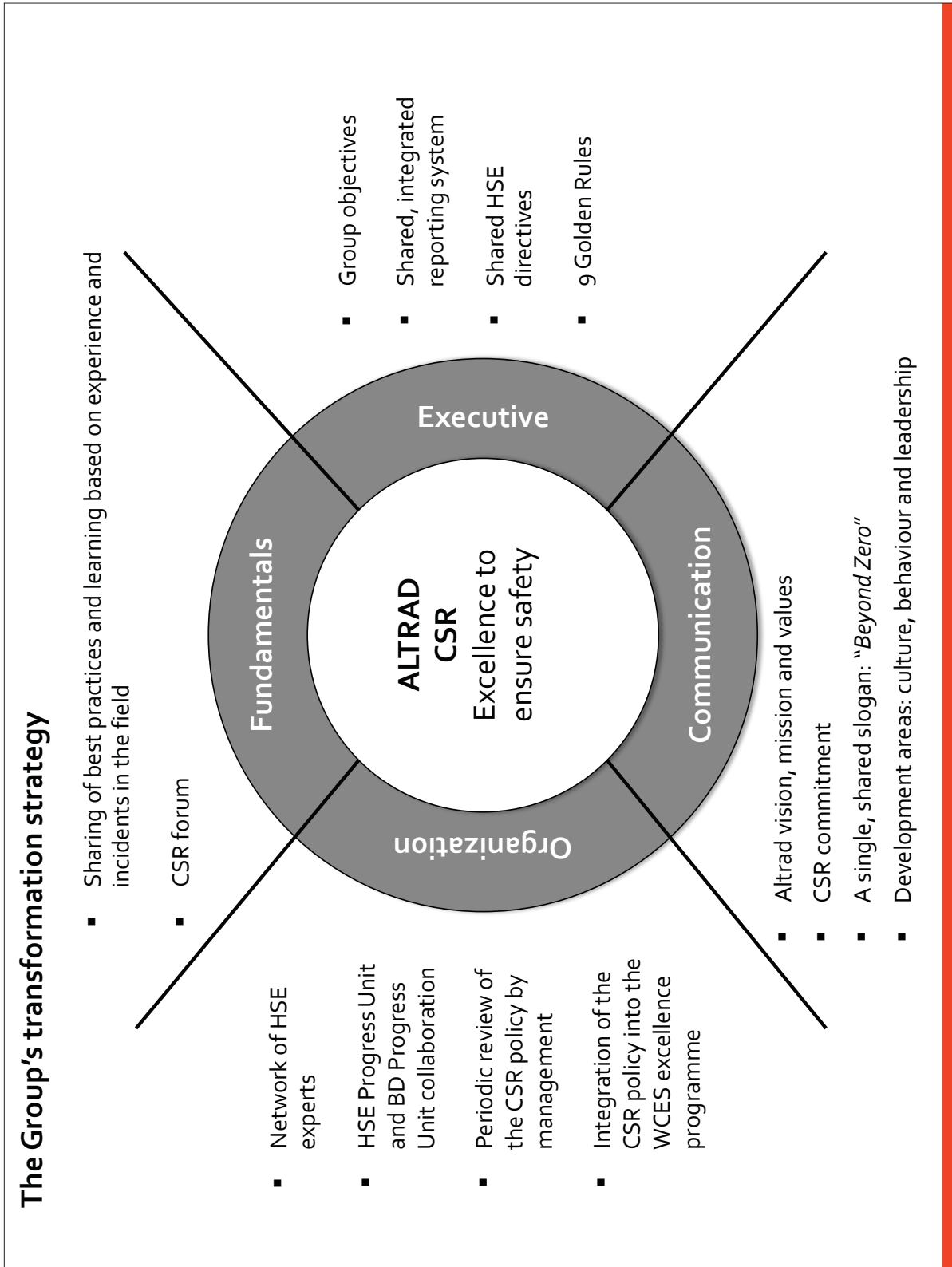
### BUILDING A SAFE AND RESPONSIBLE WORLD



## Capitalizing on the success of the MHR and French rugby teams

 <h3>COURAGE</h3> <p>We want to out-do ourselves, to go beyond our limits, to innovate and explore new ways of thinking and working.</p> <p>What we do is not easy: we are entrepreneurs; as such, we are constantly taking risks and facing challenges.</p> <p>Our goal is always to achieve the best possible results, regardless of the difficulties encountered.</p>	 <h3>RESPECT</h3> <p>We take and accept our collective and individual responsibilities to protect ourselves against situations that might threaten the health and safety of each individual and of our working environment.</p> <p>We treat everyone with consideration.</p> <p>In our business dealings, we act according to the highest standards of transparency, integrity and honesty.</p> <p>We cultivate a strong sense of responsibility with regard to all those involved with Group and the environment in which we work.</p>	 <h3>SOLIDARITY</h3> <p>Solidarity speaks of team work and reliability.</p> <p>We collaborate and contribute to the different projects we take on, sharing our ideas and opportunities, our expertise, know-how and resources.</p> <p>We support one another and ensure fair treatment for everyone.</p> <p>We cultivate open, collaborative relations and place the common good above personal interests.</p>	 <h3>HUMILITY</h3> <p>We are open to different points of view and are certain that we can all learn from everyone, everywhere and about everything.</p> <p>We act and manage in an inclusive manner.</p> <p>We learn from our mistakes and our successes and we hold our competitors in the highest esteem, never underestimating them.</p> <p>With every project, we seek and offer sincere, constructive feedback to achieve our goals through continuous improvement.</p>	 <h3>CONVIVIALITY</h3> <p>Every day, we strive to create a working environment to reflect our teams and their culture, based on dedication and open-mindedness.</p> <p>Together, we encourage sharing and friendly collaboration.</p> <p>We celebrate success and combine excellence and cross-functional teamwork to produce original, ambitious ideas and exceptional results.</p>
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## 5 strategic levers

### 1 - OPERATIONAL EXCELLENCE

#### Honouring operational excellence at all levels of the value chain

- by focusing on the industrial foundations of safety, reliability and sustainability
- by attracting, developing and retaining enthusiastic employees who are skilled in their field of activity
- by ensuring an unrivalled customer experience throughout the commercial relationship
- by getting all partners and employees to commit to a clear, ambitious strategic vision
- by accelerating the digital transformation throughout all our operations
- by strengthening the coherence, notoriety and visibility of the Altrad brand

#### CUSTOMER SATISFACTION: DIRECTION AND GUIDANCE

### 3 – INVESTMENT PERTINENCE

#### Investing with discernment to ensure growth of the Altrad Group

- by committing the Group to a reasoned, controlled development strategy, capable of preserving our successful, historic customer relations
- by identifying the best organic and external development opportunities thanks to an organisation that is firmly rooted locally, with international credibility and optimised internal collaboration
- by balancing the risks of existing activities with those of new projects, region by region, to preserve profitability and competitiveness
- by concentrating on our most efficient activities

#### ALTRAD: UNRIVALLED LEADER IN ITS MARKETS

### 2 – GROUP CSR POLICY

#### Promoting an ambitious, exemplary CSR policy

- by developing the CSR culture within the Group and getting each individual to commit to the implementation of these values and the fulfilment of these goals
- by managing global performance related to safety
- by setting up advanced indicators and processes to detect and correct risks
- by adapting the working conditions of our employees to offer an exemplary, adaptive level of safety and well-being, while reducing our impact on the environment
- by promoting reliable products and services of impeccable quality to ensure optimal satisfaction and safety for our employees, partners and customers
- by respecting international norms and standards and by validating the compliance of our operations to internationally recognized quality standards (ISO 9001, OHSAS 18001 & ISO 14001)
- by committing the Group in terms of increasingly ambitious eco-responsible actions to ensure environmental protection today and in the future
- by honouring Altrad's humanist values by implementing virtuous commercial, financial and managerial practices, in strict compliance with legislation and ethical rules

#### A CULTURE OF EXCELLENCE

## 5 strategic levers

### 4 – OPEN INNOVATION

#### Accelerating product, service and process innovation

- by boosting investments in R&D
- by encouraging open innovation based on scientific research, the customer experience and stronger collaboration to promote the sharing of best practices and detection of the most promising best practices
- by accelerating the Group's digital transformation
- by revamping the Group's website to clarify the image of Altrad, boost its recognition and develop close, quality communication with all partners

ALTRAD 3.0

### 5 – MATRIX ORGANIZATION

#### Improving proximity with our customers and ensuring the delivery of first class products and services

- by consolidating the matrix organization of the Group with the creation of a Progress Unit focused on Business Development;
- to define and establish the Group's growth strategy
- to identify development opportunities
- to maintain a productive dialogue with all stakeholders, based on a solid understanding of the realities of the markets
- to coordinate local and regional sales initiatives
- to harmonise strategic and operational policies and processes
- by clarifying the roles and responsibilities of subsidiaries, Progress Units and the holding company, notably to improve the decision process

AN AGILE, COHERENT AND COORDINATED ORGANIZATION

## Capitalizing on the success of the MHR rugby team and other top sports stars

### CELEBRATING SUCCESS AND INSPIRING EXCELLENCE

Developing a communication and promotion strategy for the Altrad brand by capitalizing on the success of famous, inspiring sports stars and celebrities who represent the Group's value

#### VIP INVITATIONS TO TOP NATIONAL AND INTERNATIONAL SPORTING EVENTS

- Individual or group invitations to prestigious, emblematic sporting events
  - Rugby (presidential booth): Top 14 league matches, championship matches, etc.
  - Tennis: Roland Garros
  - Olympic and Paralympic games
  - Athletics championships, etc.
- Personal, exclusive meetings with players after the match
- Symbolic gifts (signed balls and jerseys, wine labelled with the event date, etc.)

#### CREATION OF UNIQUE, SPECIAL EVENTS to which sports stars and/or celebrities and customers are invited

- Launch of a new product or celebration of a new acquisition
- Organisation of conferences on a specific "business" topic
- Creation of theme seminars
- Invitation of specific customers to a Group company seminar
- Organisation of theme trips
- Creation of new sporting or educational events ("innovation marathon", etc.)

#### CREATION OF SPECIFIC AD HOC STRUCTURES AND COMPETITIONS involving Group employees, customers and business, scientific, academic and sporting personalities (active participation, sponsorship, patronage, interventions, etc.)

- Creation of research and development laboratories on the open innovation trend
- Creation of a philanthropic or humanitarian organisation
- Creation of an original training centre (innovative management school, training centre for a specific audience, etc.)
- Creation of a business incubator
- Creation of a prize/competition (innovation, entrepreneurial action, etc.) on a national or even international scale

## Capitalizing on the success of the MHR rugby team and other top sports stars

### ALTRAD DAYS OF PASSION & DISCUSSION

#### CONFERENCE

##### An inspiring theme

Conference headed by a keynote speaker of national or international repute, from the worlds of sport, science, academia, art, business, politics, etc.

##### Examples of themes

- Resilience
- Courage
- Passion as a driver of success
- Diversity, a key to innovation?
- etc.

##### Illustration of the theme

with films made within the Altrad Group

#### ROUND TABLES

##### Constructive debates

Series of round table discussions, facilitated by Group directors, involving customers, employees and other partners, based on a variety of questions and topics related to the theme of the day

#### SPORTING EVENT

##### Prestigious events

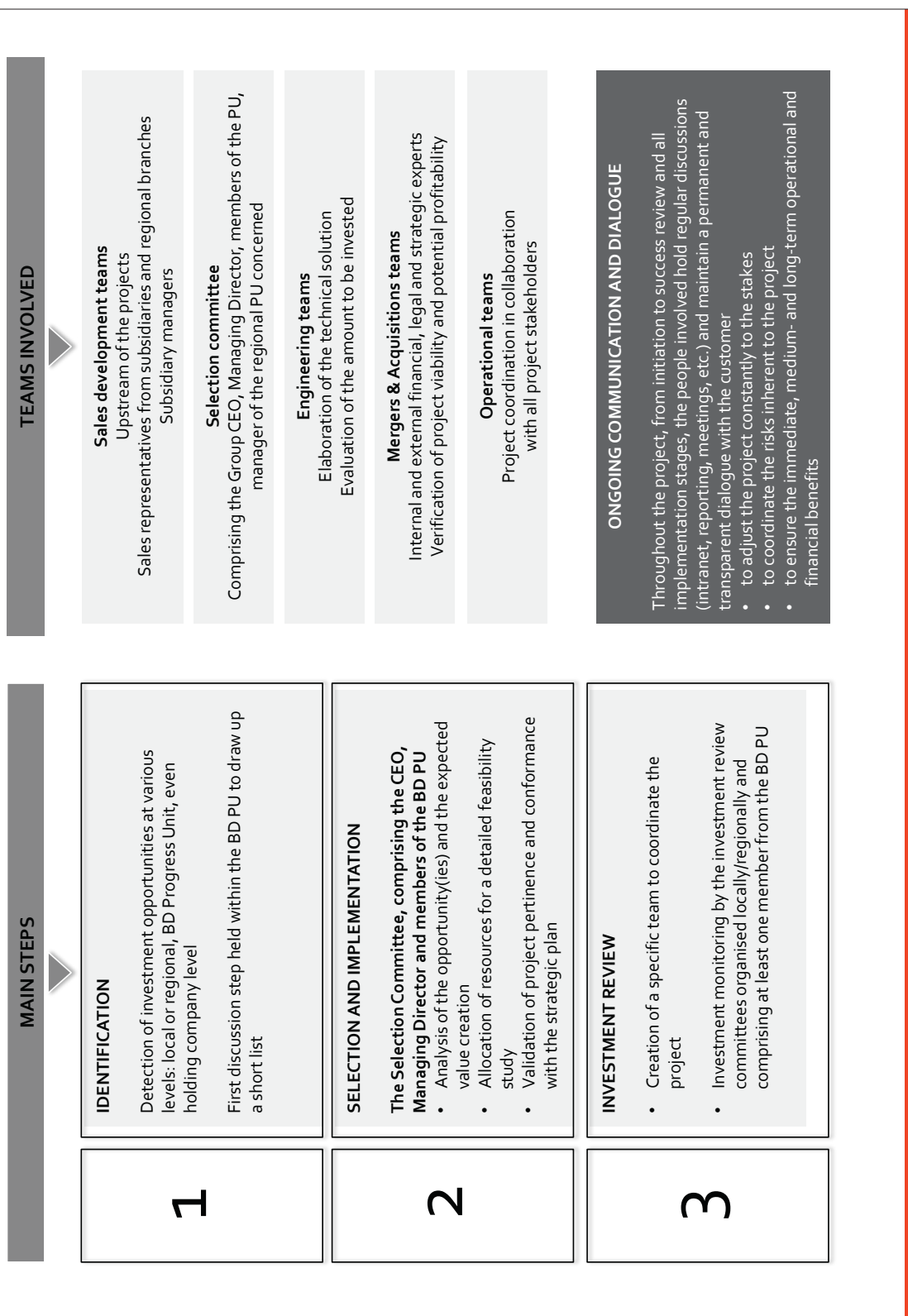
- Rugby event
- MHR
- French team
- Other prestigious sporting events

#### FESTIVE EVENING

##### A fun celebration

Cocktail, dinner, show, meeting with the Group's senior management team and the sportsmen and women of the Altrad network, etc.

## Quality and pertinence of investments



## Quality and pertinence of investments

### MULTIPLE SELECTION CRITERIA THAT ARE DEMANDING AND CLEAR

#### Investment coherency

Pertinence of the target acquisition with respect to the Group's strategy (acquisition of essential skills, businesses to complete the Group's offer, etc.)

#### Vigilance Timing

Integration of the new entity into the Group's culture

#### Geographic location

Opportunity to strengthen an existing position or enter a new territory

#### Innovative activity

Identification of a business, service or product able to bring additional benefit to the Group's business portfolio

#### Vigilance

Identify possible synergies  
Avoid internal competition or cannibalism  
with certain existing activities

#### Investment quality

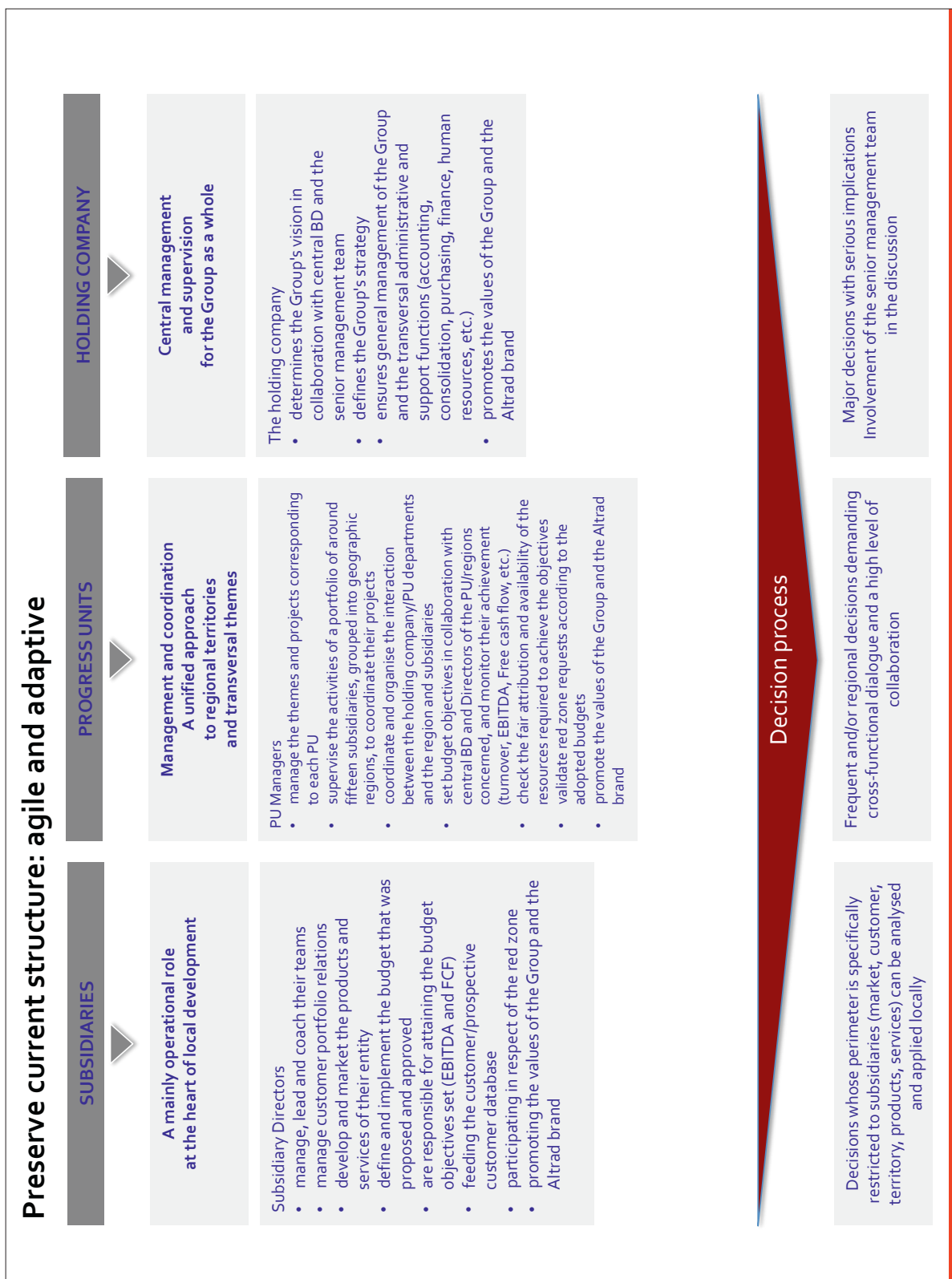
Evaluation of the target and total cost of the operation with a precise analysis of the financial indicators (profitability, financial elements of the Group, etc.)

#### Vigilance

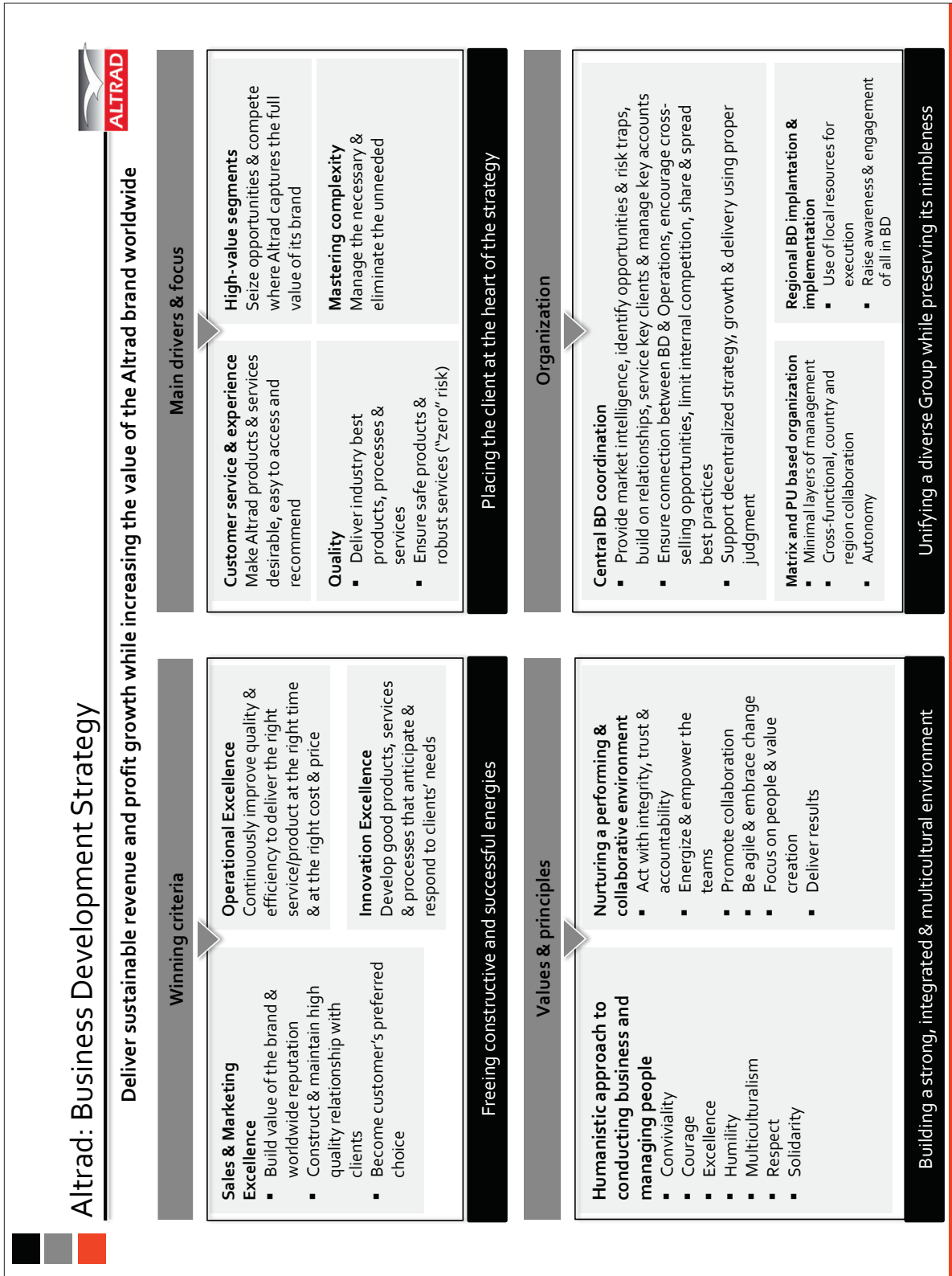
Definition of the right price  
Suitable financial plan to limit financial pressure within the Group (debt, cash flow, etc.)

#### Social responsibility, safety and ethics

Mandatory respect of legislation and Group values








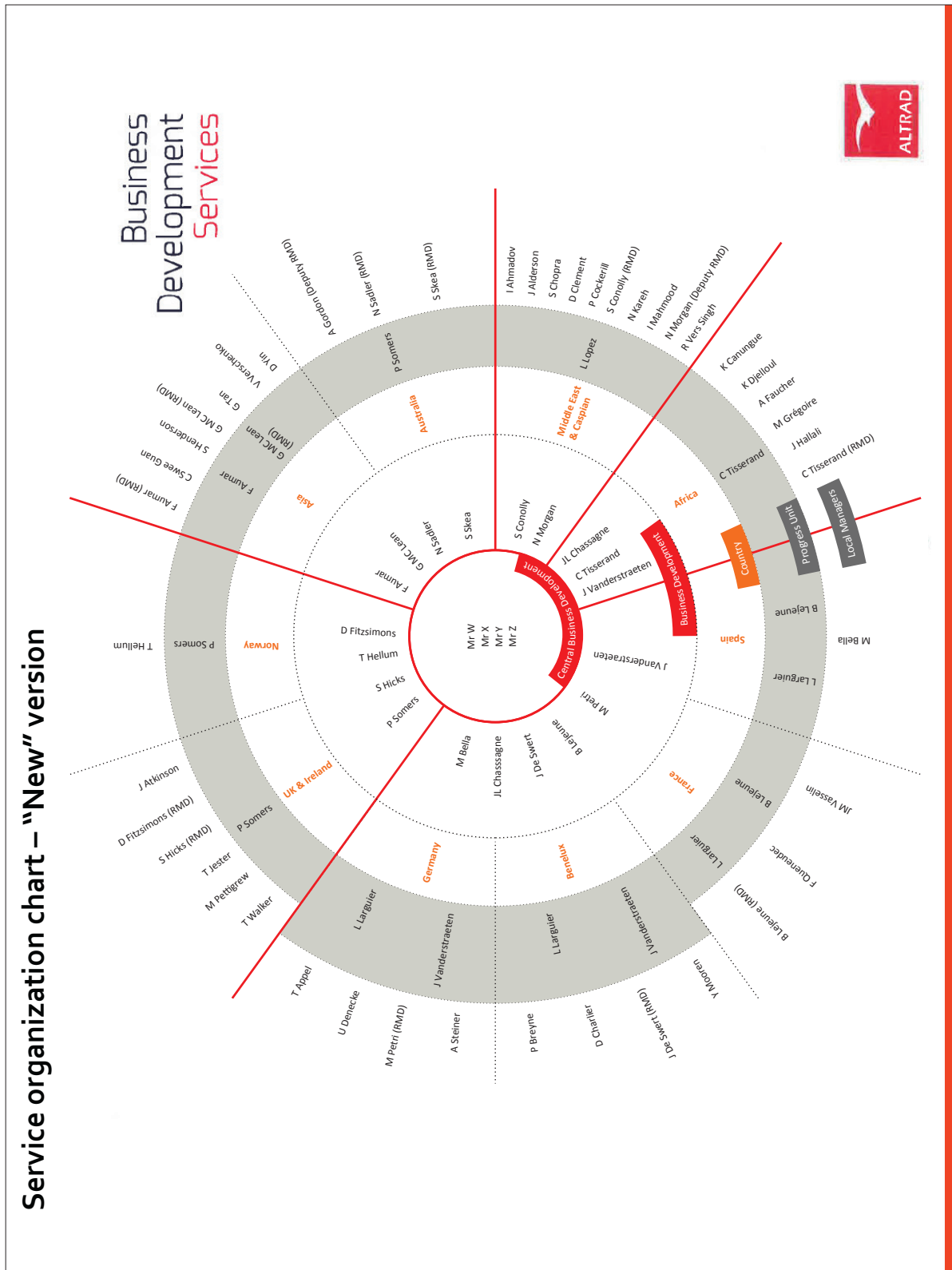




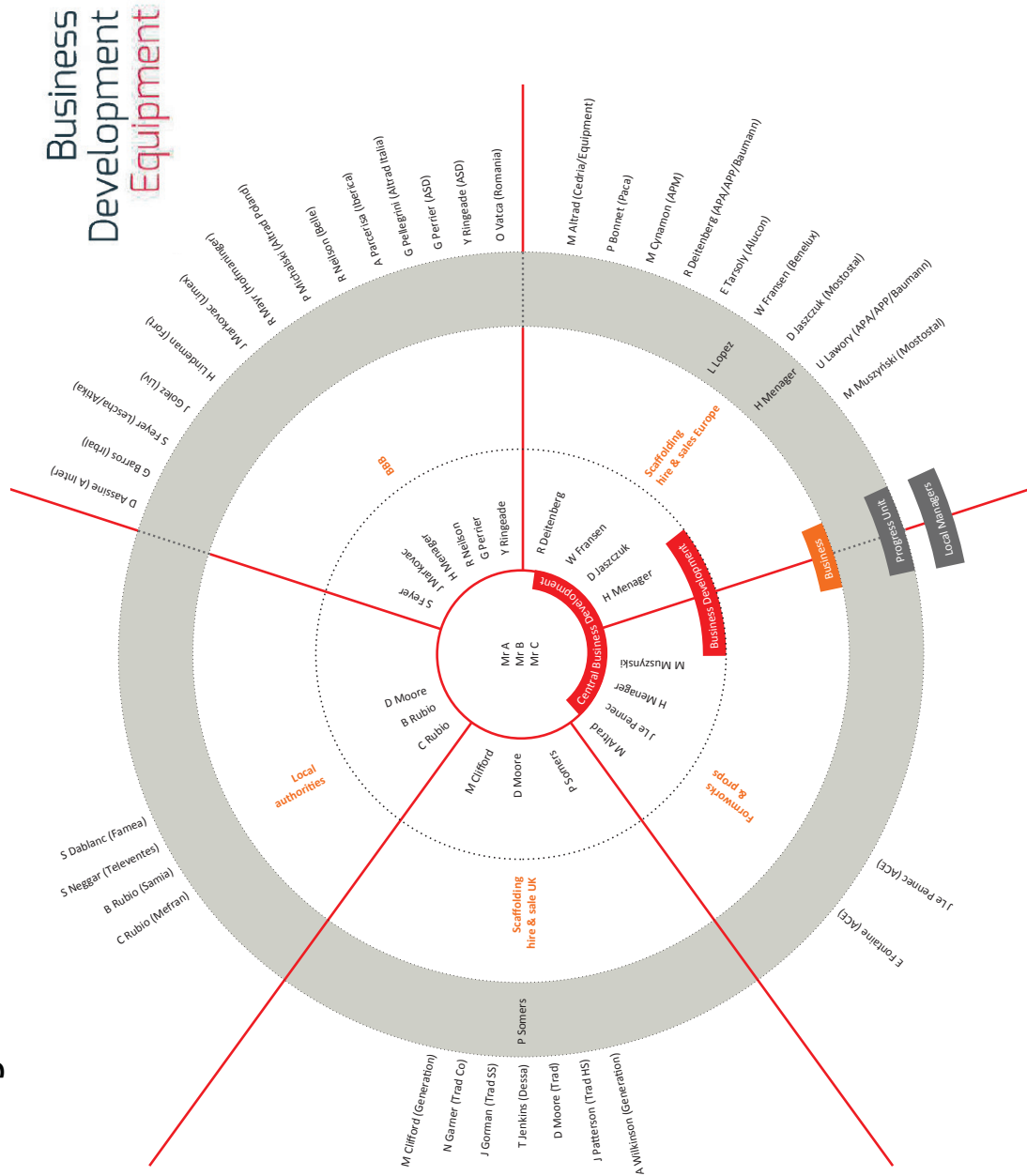
## Key men and women

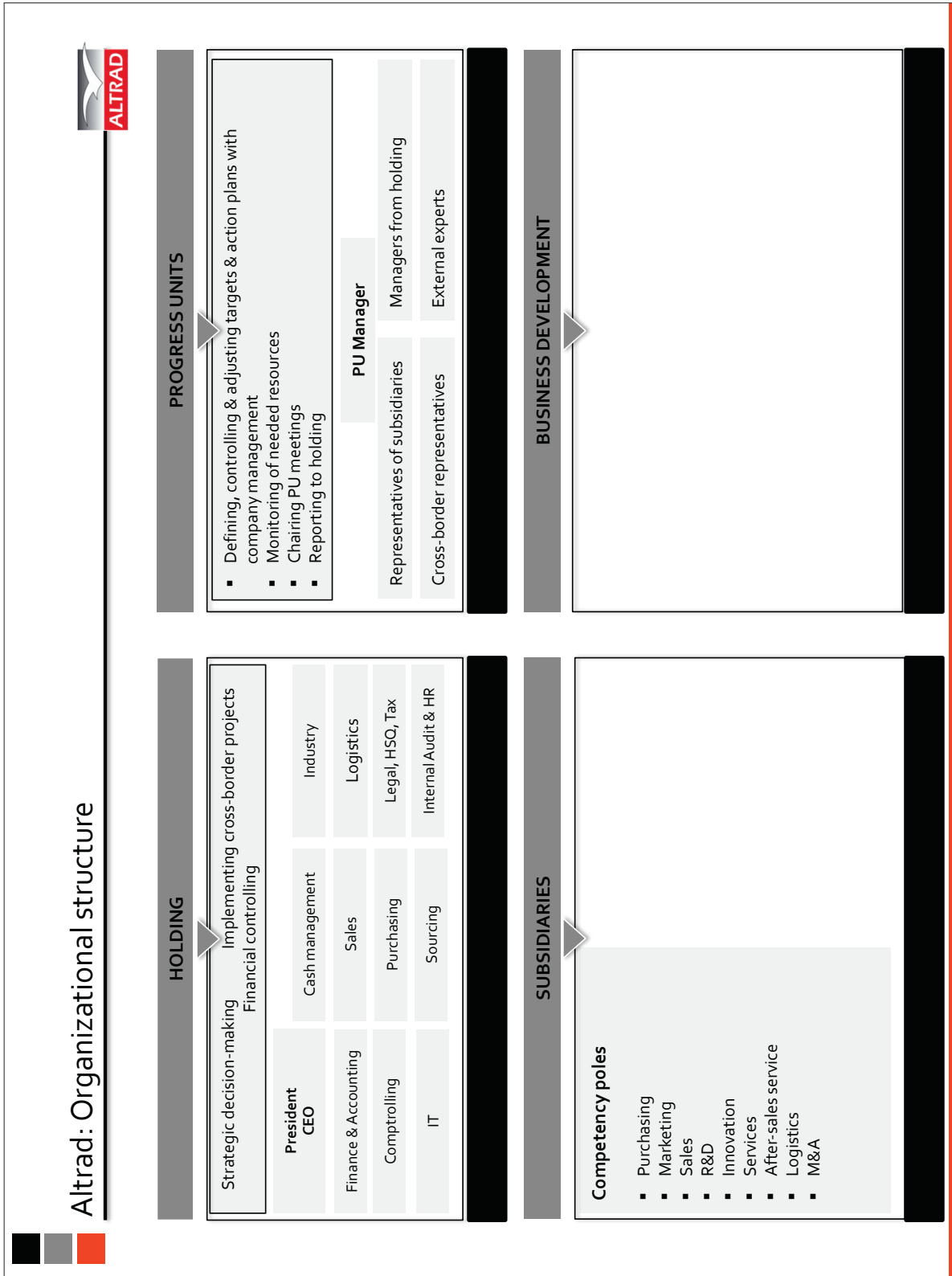
### Three main areas of responsibility

- 1**  Define the organization growth plan in collaboration with company management
- 2**  Coordinate and implement the growth programmes
- 3**  Optimize the “funnel” of income and contribute to cost control



# Equipment organization chart – “New version”







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