

## Client

A concrete equipment manufacturer

- ✓ Turnover €190m, 1,300 employees
- ✓ 24 factories in France
- ✓ 3 business lines: Civil Engineering/Construction/Railways

## Context

- The client was sold to a leader in the sector (an Irish group worth €12 billion, 60,000 employees);
- The purchaser wants to align the client's structure with its own subsidiary in France:
  - Turnover: €60m, 400 employees,
  - 2 business lines: Civil Engineering/Poles and Posts.
- The client is three times as big as the buyer's subsidiary, but two times less profitable;
- The client is organised by business line with a very centralised structure, whilst the other company is organised by region and very decentralised;
- The future entity's Management Committee has been defined; there is a lot of tension within the buyer's subsidiary.

## Objectives

- To develop a detailed plan of synergies (cost reductions and development of turnover) by business line to achieve 10% of the PBIT between now and 2008;
- To define a target organisation: Core functions, business lines, regions, localisation, impact on staff;
- To provide methodological support to reconcile the way the two companies operate.

## Project Content

- Development of a 3-year plan of action in conjunction with line managers affecting all levers:
  - Commercial development,
  - Optimising manufacturing and logistics costs,
  - Closing manufacturing sites,
  - Optimising the sales and marketing organisation (travelling salesmen and Sales Admin).
- Defining a target organisation for core functions: HR, Finance, IT, Technology, Logistics, Quality, Marketing:
  - Sizing, line reporting,
  - Geographic mapping.
- Using several companies from the sector in France, Germany and Benelux as a benchmark for the organisation of sales and core functions;
- Client provided with a “PMI check list” by subject matter to help direct the reconciliation of the two organisations’ operating procedures (Communications, HR, Finance, etc).

## Results

- We have surpassed our objectives: Potential savings identified should make it possible to achieve 11.50% of the PBIT in 2008;
- Line managers have undertaken to see through their three-year plans;
- The synergies plan by business line and core function has been approved by Senior Management;
- A decentralised organisation chart by business line has been defined; a target organisation for core functions has been approved, in particular how they are allocated between Head Office and each business line department;
- A proposal for a steering device has been recommended to the client to make sure it is properly implemented;
- Benchmarks have highlighted a significant shortfall in productivity in Sales Admin that the client wishes to look at in more detail.