

Chapter 1

MANAGEMENT OF AN INTERNATIONAL GROUP IN THE FACE OF MULTICULTURALISM

A. WHICH STRATEGY WHEN FACED WITH CULTURAL DIFFERENCES?

Since 1985, the Altrad Group has followed a strategy of internal, but mainly external, growth with the aim of becoming market leaders first nationally, then in Europe and finally worldwide. Since 1997, its strategy has led it to establish itself in – apart from Italy, where it has been present from the start – Germany, Spain, Great Britain, Holland, Belgium, Poland, Slovenia, Hungary, Rumania and Tunisia, as well as Canada and China. It currently exports to nearly ninety other countries.

Our Group has thus become multinational and multicultural, and will probably become more so, since our development strategy calls for further international geographical development. This plural dimension, the complex alchemy of the cultures of each of our companies, is an opportunity and a source of wealth; it is up to us to welcome it and make it our *own* wealth and the wealth of *all*.

Not that we should be content with letting things be, with putting up with cultural differences: like any wealth in the world, you have to work toward it, conquer it through action. We have had time on our side, but time *alone* is not enough – less and less so, in fact. The fruits of our labours are

accumulated and capitalised over time, but if there is no effort, time just passes, gaining nothing apart from age and finally death. So it's up to us to act if we want to turn these differences into common wealth.

We have five possible basic attitudes, often called strategies by theoreticians, toward managing our internal and transversal relationships as well as those among the Altrad Group members; although in fact, as we will see, if we are really true to ourselves...

1. Ignoring cultural differences

This approach is not worth considering. It does not constitute a strategy but blindness, indifference or, even worse, the deliberate application of the “ostrich” policy. Other than the fact that this attitude is foreign to our traditions, it achieves nothing!

2. Denying the existence of cultural differences

This second approach is hardly better than the first. What it means in practice is plain to see. It consists of imposing a single language for personal contacts, centralising procedures, and standardising tools, products and attitudes – in short, it is globalisation in the poorest sense, and we are all familiar with the deplorable and perverse effects of this: the disintegration of links, dispossession of goods and demotivation of human beings.

It may be a virtue to unify, homogenise and simplify when it comes to simple matters. But neither individuals nor groups of people, including companies, are “simple matters”! For a group like ours, to impose a dominant culture on men and women who are proud of their rich culture can only lead to rejection and discontent. As for imposing a single language – not only within our management teams, but also with regard to our clients and other external relations such as financial, commercial and industrial partners – this would obviously ruin the chances of a fruitful dialogue from the outset. By wanting to see “just one head”, as they say in army exercises, you end up leading

a column of men *without* heads, robots, capable of obeying and reproducing tasks but lacking will or inventiveness. And when you only want to hear one voice, you soon end up alone, preaching in the desert!

It is clear that for us, this second approach is unrealistic and simplistic, even dangerous in terms of management. It would mean the loss or waste of the Group's cultural wealth, and it would create an undesirable barrier between senior staff – who are often more cosmopolitan and accustomed to intercultural contacts within the Group – and other personnel who are generally more accustomed to a single, national culture. From the commercial angle, too, the dictum “the client is king” naturally implies that the client's feelings and language must take precedence. Finally, in terms of man management, all cultural communities are attached to their roots and proud of their identity. No cultural community has any reason to accept a culture imposed on it from outside in the so-called interests of company life.

3. Dismissing cultural differences

This leads to the third approach, which is more common than you might think. It consists of admitting that these differences exist, but immediately dismissing their relevance: OK, everyone has their culture, but (according to this way of thinking) it should not enter the work context or even the workplace. Let culture be expressed and practised in leisure and social activities, in the family, in a community, a place of worship, a stadium or a party – everywhere but here, where the only rule is economic achievement.

It is as if, simply by signing a contract, a man or woman could put aside an essential part of his or her identity, consciousness and humanity for a certain number of hours per day. Yet a sense of humanity, creativity, commitment, personal honour and loyalty (among the hundred other culturally based virtues), added to competence, know-how or energy, are precisely what makes

the difference between a man and a machine. These qualities not only represent a significant part of the intrinsic value of the person, they are also largely why a company becomes attached to this particular man or woman!

So no: admitting that cultures exist but then immediately disregarding them, thus severing the links between company life and any sort of culture, is no better way, nor is it even viable. A company is made up of human beings as a whole; without them, without *everything* about them, it's worth nothing, creates nothing, is nothing.

4. Adapting to plural cultures

This fourth approach is in practice what the Altrad Group has tried to do since its inception. It has tried to take into account individual differences between professionals or team members, respecting the local cultures or regional identities of different companies and sites and finally integrating into national and international cultures, resulting from the Group's expansion through acquisitions since 1997.

Nevertheless, while tolerance is a *state* of mind, adaptation is an *act*, a practice, a task – and not an easy one. It requires an open mind, deep respect for others, tact and patience. If it is not simply a pious hope, it also needs appropriate resources, as many and varied as possible: documents written and translated, procedure manuals, management meetings, courses, seminars, systematic translations in each of the languages concerned, etc.

Having adopted *all* such measures, our Group is now in a position to make its own observation i.e. that this approach, however respectable its principles and ambitions might be, remains a slow and imperfect strategy, morally worthy but insufficient in real life. A traditional-style company can (or could at least) be content to operate in static harmony. But for a group that can only survive by moving forward in an economically changing world, a more dynamic approach is needed.

5. *Valuing cultural differences*

It seems certain then that in today's world it is no longer possible to ignore (or pretend to ignore) the existence of diverse and individual cultures. Nor can one deny their existence by brutally imposing a single culture, excluding expression out of economic interest, or haphazardly sorting out their cohabitation, even with the sincerest respect for others. The expansion and diversification of our Group means that we must understand today that these cultural differences are not mere chimeras, or constraints to be overcome, or circumstances to be accommodated, but are genuine *riches*. In the presence of such wealth, the only positive attitude to take is the fourth strategy: to value cultural differences.

How can we ignore – for those of us who are in the business – what happens in the case of a concrete mixer? Rather like us, the challenge is really about mixing the different elements (cement, sand, gravel and water) to form a coherent whole, which can be adapted for many different uses. Concrete changes from the fluidity of a liquid through the malleability of mortar into the solidity and durability of stone. At our level, among us and around us, this strategy can create an *Altrad spirit*, one that may distinguish us and, at the same time, draw us all together whatever our place of work, type of work or hierarchical level. Wherever he may be or whatever his function, each of our members will find a place and recognition for himself within this *Altrad spirit*. This spirit will grow from strong and unifying values common to the whole Group, independently from underlying individual characteristics such as nationality, language, and religion, while never denying their existence.

This objective is an ambitious one, and all forms of interaction at all levels, by whatever means and in whatever time and place, should be encouraged in this direction. Because this is the only way that we can create a context where the appreciation of different cultures becomes a natural attitude and a spontaneous reflex. Only exchanges between human beings,

from initiative via response to interaction, can create this shared reality, one that is built together for the good of all: the *new Altrad culture*.

6. Global and individual cultures

It is worth starting with a definition of the word “culture”, a word that has such different resonances according to language and circumstances. As stated by our friend Hubert Nyssen in his postscript, it is a word that is often *badly* understood.

For Altrad, the word “culture” defines the entire set of activities, operating rules and values common to the men and women who constitute the Altrad Group. In other words, viewed through the familiar perspective of past, present and future, it is our members’ heritage, the solidarity that binds them day to day and the collective wisdom they will pass on having enriched it with their own contributions. Put another way, if our culture distinguishes us from all other social groups, it is also the value that creates bonds within our *own* group.

It is clear that there are cultures other than national or regional ones: ethnic entities, whether or not they are politically or geographically structured, do not have a monopoly of a particular culture. In the financial world, for instance, all similar companies within a country or a region would have the same cultural traits. These might be modified by nuances within businesses, between financial structures or the personality of a strong “ancestral” founder. But essentially they would show the same family characteristics, as similar as sisters. This is clearly not the case. A company, like every social group, tends to naturally develop its own cultural identity which is not the simple result of its location, market sector, shareholders or initial project. It arises from the community of men and women who subscribe and adhere to it.

Regional and national differences do clearly exist within our Group, and we have already explained that we respect them. Nevertheless, we should look at them as cultural specifics (what

sociologists call, without being insulting, *sub-cultures*), at once variants and components of the global identity.

Because of its size and spread, our Group contains many sub-cultures reflecting firstly their location (for example, the cultures of Plettac and Lescha are different: that of Altrad Saint-Denis is different in certain respects from Altrad Equipement), their territorial position (for example Plettac Assco, Plettac Iberica, Plettac Havico), the professional or hierarchical organisations within the Group (salesmen, production staff, administrators, engineers, etc.), the company's activities (production, commerce, rental), products (mixers, scaffolding, logistics) or type of clientele (public authorities, DIY supermarkets, major building and public works clients, etc.).

It may well be the case that a salesman in one of our companies has more in common with a salesman from another Group member than with a non-commercial member of his own company, or that a scaffolding salesman feels closer to the production worker who makes it, even if he is in a different company. This is what is called "the spirit of the nation", "company loyalty", "team spirit" or "worker solidarity"...

All these components and cultural levels must be taken into account in the development of the Altrad culture, which must integrate them without destroying them, just as the Group associates all its constituent companies, coordinating them but never turning them into simple satellites.

It is precisely because our Group has developed by external acquisitions that it is essential to respect, protect and favour this concept of integration. But it must also be monitored and directed, because otherwise, the unstructured coexistence of company cultures and sub-cultures could give rise to a phenomenon of absorption. While absorption – the process by which a human group assimilates all or part of the cultural values of another human group – might seem at first sight beneficial in terms of adaptation and coherence, it is necessary to avoid creating perverse effects of rejection (faced with values

which could be considered to be imposed from the outside) or of culture shock (when the process leads to confusion of identity and the abandonment of established cultural standards). More than one merger has failed because these negative effects were underestimated.

7. The reasons behind a choice

Among the above five strategies – ignoring differences, denying their existence, excluding them, adapting to them or valuing them, the Altrad Group cannot identify with the first three that fly in the face of its past, and we judge the fourth strategy unsatisfactory, having tested it extensively. Therefore the Group has decided to take things one step further and pursue a strategy of valuing differences in order to rapidly develop a culture that respects, takes into account and actively solicits these differences.

This managerial philosophy starts from the simple observation that before being integrated into the Group, each company already had its own culture and its own historical, ethical, strategic, linguistic, social and psychological values. The entire past history of our Group shows that we are attached to the principle of *positive, dynamic* integration, which aims not only to preserve the culture of a company which is to be absorbed, but also to take the opportunity to enrich and develop our own global culture. Good proof of this is that the existing management structure is generally preserved; this is quite rare and should be underlined...

The Altrad Group has always preferred to build its future on the full range of its human, material, financial and cultural strengths and potential. Should this be such a surprise? We are all familiar with why scaffolding is so strong. It is not that the elements have been rigorously standardised and assembled by rote, but rather the flexible and reliable way its tubes and clamps, standards and screw-jacks, ledgers and beams are braced. Each element has its own virtues, its own resistant or lightweight, flexible or secure qualities. These qualities all contribute to the

structure, and the prime quality of its design is to use these virtues to their best effect.

This is precisely how the Altrad Group has created its own culture. Since its beginnings and throughout its life, it has reacted to problems of the present – and sometimes those of the future – by developing and consolidating a set of shared references and solutions appropriate to product development, product ranges, trademarks, organisation, integrating new members, restructuring, dealing with market downturns, international expansion, etc.

It is this individual but pluralist culture that comes from each contributor's own unique input that we now wish to develop with help from all of you.

B. BUILDING A CULTURE

1. From the original culture to a federating culture

Our culture was originally a commercial culture. And even today, it is clear that the majority of Altrad Group companies fix their objectives in commercial terms. The Group's policy of internal and external development by successive geographical expansion explains this culture that is founded on turnover, contracts signed or client lists, and much less on financial criteria such as margins, credit terms given to clients, working capital requirements, and OP/T (Operating Profit/Turnover) ratio, etc.

This organic approach gives us an external image that is very strong from the perspectives of commerce and income growth. The impression is less positive from a financial point of view, however, and this is not lost on some of our financial partners. Obviously it would be unjust to ignore the progress which we have made in this area over recent years. All the same, on the one hand, it must be recognised that some of us have made more efforts than others and, on the other, that those who have made such efforts towards increased profits have not always

received the recognition they deserve in relation to those who have not. This injustice will be corrected.

Obviously it is not a question of abandoning our commercial values, which are part of our origins, experience and projects, but rather of consolidating our current financial principles and adding others so as to create a real financial culture within the Group. To achieve this, the first step was to set up a working group to prepare a multilingual glossary with clear and precise definitions of the words, concepts and corresponding formulae used in our Group. This is a fundamental step in stopping the various arguments, conflicts and upsets which are bad for the whole Group and each of its components. These conflicts were no more than misunderstandings due to vague terminology. A common vocabulary with unambiguous definitions and strictly defined formulae has fortunately put an end to these sterile discussions about *sales* or *gross* margins, *intercompany* pricing and *purchase* prices, and *inclusive* or *exclusive* transport costs that are often tainted, sadly, with hidden motives. Our dialogue and communications will now take place on a common basis.

2. *A cultural audit*

“Know thyself” is an often neglected adage, spoken by Socrates. To know who you *are* to better *become* yourself: that is the key! The construction of such a financial culture is the key to success for Altrad.

This approach of consolidating values must apply equally to all functions within all companies: General Management, Purchasing, Research & Development, Human Resources, Logistics, Marketing, etc. Because of this, prior to trying to change the overall group culture, we must identify the characteristics of each company, of each of its sites and sub-groups and of the Group itself. Only by being informed and aware of these individual characteristics can we find a way forward that suits us, rather than using standards or references which are not compatible with our unique identity.

To this end a cultural audit will be carried out, using a methodology that is known and already practised by the Group, to analyse the main features of the identity of each company (and of the Group as a whole):

- the founders: who created the company, why, and according to what fundamental values?
- the past of the company: men, structures, events, etc.
- the business activities, know-how, working methods, special competence, etc.
- its signs and symbols: rituals, stories, taboos, etc.
- its mission: its vocation, *raison d'être*; its use. What type of need does it fulfil? What is its economic function?
- its goals: aspirations expressed or latent, mirror of the personality of its managers, etc.
- its values: vision, projects, ethics, etc.

This procedure is often quicker and simpler than expected. As a similar audit is always carried out, even informally, before any takeover, it is only necessary to update it using classic methods such as documentary analysis (minutes, notes, etc.), individual interviews (with members of staff or outside partners), observation, or group meetings, etc.

Most importantly, we will then benefit from the conclusions of these audits in a spirit of openness and willingness to integrate information, fundamental to this procedure. Each of us will be informed about the results in a synthetic form (for example via the *Altrad Revue*), and encouraged to draw from them useful information, proposals, constructive measures, projects, etc. Only in this way can the resulting decisions be incorporated naturally into a common, harmonious project – the project of the Altrad Group – avoiding inconsistencies, incoherencies and misunderstandings.

In other words, the projects of each company and *a fortiori* those of the Altrad Group itself will be the cornerstones of the Altrad culture. Let us build together – as technicians in the

building trade who know what the verb “build” means – the scaffolding from which we can construct our common home.

C. BUDGET CONTROL AND CULTURAL COHESION

The Altrad Group’s budgetary control procedure is its system of navigation. Every budget is the responsibility of one single person, and therefore represents both a degree of power and responsibility for achieving the required results.

The projects of the different members are (re)defined each year during the budgetary procedure. The projected profit & loss budget, even though it is expressed in accounting terms, is above all a numeric prediction of income and costs. Therefore, each Group company has its budget which not only shows – for a given period – management ratios (margin on direct costs, total margins, operating profit, financial costs, non-recurring elements, etc.) as values or a percentage of turnover, but also the differences between forecasts and real values.

The process is naturally complicated by the diversity of the activities. But this is not a real obstacle: it simply involves incorporating this variety in budget procedure. There are two main types of companies in our Group – commercial and industrial – and some budgets are established according to function in order to optimise forecasts and measure performance: sales budgets, production, purchases, personnel costs, overheads, cash flow, etc. A production company has more detailed budgets for production, overheads and investment than a commercial company which would have more precise budgets for sales, working capital, cash flow and commissions.

Periodically, usually every month, these elements are examined during the budget control operation. The comparison between predicted and real values allows us to implement the corrective measures necessary to reduce the most important deviations. These measures concern all the functions of the

company: differences in sales lead to commercial measures, differences in overheads lead to economies, etc.

A set of intermediate accounts is produced every four months. At each year's end, a detailed analysis of the accounts is carried out (balance sheets, P&L, etc.) and problems are diagnosed.

Over and above the accounting and financial figures, there are many other results and projects that are analysed. Commercial, production, human, logistic, managerial, and strategic aspects, etc: none of these are neglected in favour of the figures. In all this, the figures are only the quantitative consequences, not the qualitative causes and reasons. These other items are, in reality, often the consequences of other decisions and sometimes of safety nets.

As we have seen, the unique nature of each Group company needs to be taken into account, but the general methodology of preparing budgets must nevertheless be the foundation of our common base. Commercial staff naturally tends to focus on turnover or sales margins and the production staff on raw material prices and unit costs. This makes it all the more important to harmonise these points of view in a common budgetary vision – the budget culture. The procedure could consist, for example, of fixing the quantities which the Group wishes to sell, then using these to calculate turnover, unit manufacturing costs and, by difference, sales margins.

Budgetary control is certainly based on responsibility and constant monitoring; it is not, however, coercive in nature. On the contrary, through its objectives and application method, this project will contribute to the creation of the Altrad Culture. Its objectives are to face problems as they arise and mobilise staff through a system of shared values that will facilitate staff integration and involvement while constructing a visible system of reference points that is recognisable by all. In its application, the project development will be decided by all, mobilising all forces in a common direction. The Altrad Culture that is created will be able to respond to the market and its

uncertainties and, more generally, to the increasingly turbulent environment against which we must, figuratively, erect our own security barriers.

Of course, Group management normally initiates company development plans and sets out its main themes. However, formalisation of development plans takes place through a process of consultation with all staff and in particular with company managers. Group and company management function as team leaders, whose role is to mobilise collective intelligence, organise debate and discussion, be attentive to the contribution of each member of staff, increase staff self-esteem and establish confidence between staff and the hierarchy. Such projects reconcile rational management (with clear objectives to be attained through rigorous methodology) and the need for individuals to be autonomous (in terms of participation, implication and responsibility). This can only have positive results.

Company development plans, initiated by the Group, are also validated by the Group. The Group's overall project is more than the sum of the individual members' development plans. Rather, using the same analogy of scaffolding, it is a distillation of them, a synergetic result which transforms individual plans, which are by their nature very different, into a "wind resistant" whole which also protects each element. If one element breaks, all the others are weakened. But if each takes its share of the load, none will be brought to its breaking point. Thus, the coherence of the different development projects leads to success and the security both of the whole Group and of all of its components.

D. THE GROUP CHARTER AND THE CONCEPT OF GENERAL INTEREST

All the above underline how important it is that the Altrad Group culture can and must be based on frequent, multilateral dialogues

to exchange information, know-how, merchandise, procedures, methodologies and personnel. Is any form of long-term development sustainable on the basis of one-way communication?

Many groups and companies have constructed projects without the active participation of their staff, imagining that they could ensure staff adhesion simply by producing a brochure which explained their action plan in a simplified form.

Others have failed because of errors in method (a lack of cultural audit or SWOT analysis (Strengths, Weakness, Opportunities, Threats) or a lack of management involvement leading to a lack in necessary resources (steering committee, budget for studies, communications budget, etc.). Some failed because of undue haste, having not understood that a company development project is a medium/ long-term instrument. Such a project is equivalent to planning a family home and not a Portacabin for construction worker use! What building would last longer than its opening ceremony if it were constructed on such fragile foundations?

It is to avoid these errors that, since its origins, the Altrad Group has used the best management techniques, adapted to existing economic, competitive and psycho-sociological conditions. However, these conditions change with time, so the Altrad Group needs to constantly maintain creativity, self-criticism and improvement to working practices, procedures, tools, etc.

An example of this constant aim of improvement is the Altrad Group charter, which defines two simple principles of internal management for Group members:

- a clear basis of calculation (the cost of goods increased by a margin of 4 or of 8% depending on the type of product) for intercompany goods;
- a fixed interest rate (Euribor + x%) for the surplus liquidity lent by companies to other Group member.

Even if the application of the first of these rules has shown that the definition of full works cost, which is the basis of

internal sales, is not always well understood and is sometimes overestimated, a solution was found by working on the problem together. As a result, the charter itself, once it was drafted, has never been contested. This confirms that the method is well chosen and has solid foundations (taking excessive margins when selling to a sister company engenders no profit for the Group and even prejudices its harmonious development), solid principles (a rule is only useful if each Group member applies it in the overriding interests of the Group) and a solid form (only when a rule is understood by all can it be applied).

The same principles must be respected, whatever the function or activity, and by following these the Altrad Group has produced a charter in several chapters that is continually updated to lay down the guiding principles and rules of conduct in areas that are still neglected and create potential sources of conflict. A few short extracts are presented below to illustrate this point.

1. Intercultural management

The rules of intercultural management derive from two main principles which have already been identified: mutual respect and valuing differences.

Because these principles will be used to justify injustice within our Group (by invoking the respect of differences, say, to avoid making the same effort as other companies), these rules also define our ethical values: keeping one's word, respecting the rules and values of the Group, moral dignity, financial correctness, intellectual honesty, consideration for others through group spirit, solidarity, mutual assistance, etc.

These principles are essentially dynamic and are not factors in maintaining the status quo. Thus it is clear that whenever a new company starts to become integrated into the Group – and especially if that company was in receivership or in the process of downsizing – the Group must stay by its side during such a difficult time. We must help it to acquire and apply fundamental management practices as well as our own procedures

through training, dialogue and the rapid integration of staff in making and implementing decisions. Only on these conditions, depending on an agreed time limit, can we require in return that the Altrad Group's values and rules be observed in the name of mutual respect.

Difference is not the same as individualism, and the respect for difference does not mean mutual indifference. Confusing the two leads to a patchwork of self-centered firms rather than a mutually supportive family of companies, to a stack of materials that will never be combined to make a house or protect anyone from the hazards of the climate. This is why all the personnel are encouraged to adopt a few simple gestures, taken from a body of rules that have been worked out together:

- Don't arrogantly impose your own criteria, customs or practices, but respect the fact that other people, like you, are proud of their history, their heritage, their culture, their personal and national values, their region or their company itself.
- Take an interest and try to understand ways of life in other countries rather than adhering naïvely to cultural or religious stereotypes and mocking local customs – and avoid *a fortiori* any irony or condescending attitudes toward local customs or conditions.
- Do not neglect other people's languages but learn at least a few words, starting with a few polite phrases: they will work wonders!
- Remember the importance of listening: listen to others!
- Keep yourself informed about the news in other countries but don't criticize national/ local governments or their policies – *a fortiori* when the international situation can give rise to differing points of view: let the State deal with matters of state, and the people deal with questions (and answers) about people.

2. *Managing the value scale*

However diverse our companies already are, and however diverse they are destined to be in the future, there is a fundamental

law that we are all duty bound to follow by economic reality, namely that success – our success – depends on our competitive advantage in the marketplace in terms of costs or differentiation (quality, innovation, etc.).

This is a way of defining all companies, whatever their market. Every company generates its own value scale through its creative processes and by being a productive unit that conceives, purchases, manufactures, markets and/or supports its products through different physical and/or technological processes such as purchasing, production, product distribution, marketing and sales, and ancillary services (including installation, repairs, training, communication, etc.). At the end of the day, margins are the difference between the total value produced and the overall costs necessary to finance these value-creating functions.

Several management principles derive from this principle:

- The effort of value creation must be defined in terms of competitive advantage in a given marketplace. Within this market, the company may have lower prices, exceptional quality or faultless logistics (distribution).
- Margins measure the difference between the value produced and the costs involved. According to the competitive advantage required, an increase in margins could come either from increasing the value of products (for example through innovation or quality) or, alternatively, from cost reductions.
- Within this context, the various functions within a company are extremely interdependent. For example, the wage structure defined by the HR department might favour the institution of a product quality policy. In the opposite sense, a conflict between a production unit and sales staff might provoke delivery delays. Many other internal links exist, notably between the design office, work study, production and commercial sections.
- Total value comes from all the functions of a company and not from just one, the overall cost. Every activity contributes

to value and/or generates costs. Certain functions within the company are net contributors to margins in creating value without necessarily generating economies (for example in providing training and motivating personnel to achieve better product quality), while others generate economies without increasing value (for example in reducing logistical requirements). Equally, synergy between the functions of a company can create value (as when salesmen help design teams create better products by providing information from the field) or it can reduce costs (as when the design office help the purchasing department change raw materials suppliers).

These management ground rules apply to all Altrad Group companies, but their interconnections also need to be studied through the lens of the above principle. Our operating profits and overall profitability are more than the simple sum of the margins of each company, they also come from transversal services (common to several companies) and central services (common to all companies) which act as the links in a shared creative activity. They contribute to value and margins both within a single company, within sister companies and, ultimately, within the whole Group.

This means that each company head must contribute to our overall success not only through his or her individual functions but also through his contribution to and his use of these common transversal or central activities. The short-term interest of his own company in terms of competitive advantages and profits is only *one* aspect of his contribution to the higher interests of the Group through the results obtained by sister companies and the Group itself.

Here, as in the case of intercultural management, collective thinking must result in a handful of simple rules, like, for example:

- Know your market and your competitors, directly and indirectly, including those in the Group.
- Reason in terms of the value scale and competitive advantages.

- Give priority to the interests of the Group.
- Favour common activities to benefit from the effects of synergy.
- Don't envy the success of sister companies or of the Group. Don't hide problems, but ask for help and receive it with good grace.
- Cultivate humility in all circumstances: be pleased with success but not satisfied by it; look on failure as a means of self-improvement.