

Altran case

Parts of the World, European Union



Altran ID Altran is a European consulting firm created in France in 1982, by Alexis Kniazeff and Hubert Martigny. Leader in high technologies consultancy, it operates primarily in technology & innovation consultancy (about 50% turnover), administrative & information consultancy (33%) and strategy & management consulting (17%). The Group's mission is to assist companies in their efforts to create and develop new products and services. Altran is a key player in different sectors as Aerospace, Automotive, Energy, Railway, Finance, Healthcare and Telecoms sectors. In 2011, Altran had reached a turnover of 1. billion €, employing more than 15 000 employees with 200 branches in 20 countries to serve 500 major clients worldwide. The Altran group governance is held by an Executive Committee and a Board of Directors since June 2008. Philippe Salle (Chairman and Chief Executive elected by the members of the Board of Directors). The Management Committee is made of members from the Executive Committee. Executives from the Geographies, the Industries and the Solutions and several Group Directors including Purchasing, Communications, Legal, Marketing and IT. The shares of the company are divided as follow : * 18. % are owned by the two founders and some members from the Executive Committee * 7. 2 % are owned by the Altran Director Funds * 74. 3 % are traded on the public stock exchange (where the principal shareholder is Apax Partners) Concerning the stakeholders, Altran operating at an international level, we can find a numerous variety : governments, employees, customers, experts, owners, investors... The Scandal In 2002, 3 staff members from Altran (Michel Friedlander, Frederic Bonan and Alain Rougagnou) were suspected of theft,

breach of trust, active and passive corruption, attempts of blackmail and manipulation of stock exchange quotations.

The COB filed a complaint against the board of directors for dissemination of false information and for manipulating quotations. As a result, the price share dropped from 65.60 € on March 28th to 2.53 € on October 10th. The three directors at the centre of the accusations were. On February 13th 2003 they were dismissed and sued by Altran. This incident reflected the lack of transparency and regulations of the company and the ease with which the employees involved in the scandal appeared to have falsified and manipulated the accounts.

It also shows the poor corporate governance and a lack of communication with the business world as well as the shareholders and stakeholders. In consequence, the group had to concentrate more on dealing with the crisis and falling share prices than developing their activity and their portfolio of clients. As a result Altran's financial results were very unconvincing from 2002 to 2004. The European office also suffered (although indirectly) from this scandal because of the group necessity to dedicate its main financial and human efforts to redress the company.

Today, the price share is still very low (around 5 €) which reflect a lack of confidence from the shareholders as well as the European institutions. Refocusing strategy After the 2005 scandal and in order to improve its corporate image, Altran decided to change the governance of the company with the appointment of a new CEO in the person of Christophe Aulnette, former CEO of Microsoft France, as well as a new board of directors. The group then refocused its strategy on a different timeline : In the short term,

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the new objectives were to develop quality proposals and projects to public institutions. The idea was to benefit of the competencies of European professionals and to push on ideas based on Altran's field of expertise. In the short and medium term, the goal was to influence innovation and evolution of European technological trends. The goal for the short and medium term is to become a real partner of the EU especially in the field of high technologies consultancy. In order to do that, Altran took the decision to work with a European affairs company with expertise in EU public affairs.

Finally, in the long term, the ideas were to develop new services and competencies. The main target of the long term timeline was the increase of the field of expertise where Altran operates in order to increase the partnerships with European programs. Why the need of refocusing its strategy ? On the first hand, after the scandal, the group was obliged to reorganised its management as well as its short and long term strategy, mostly in order to regain some credibility and some ethical identity in front of the EU institutions.

On the second hand, Altran had a portfolio of sectors and projects too vast to be covered efficiently. The new plan of action was developed to remediate the situation and the new timeline was designed as the best way to anticipate the issues. Finally, after analysis of the factors of future key success, Altran discovered that they needed to obtain more efficiency in their actions. Furthermore, if Altran wanted in the future to be recognized as a viable entity, it would need to acquire more transparency as well as a deeper knowledge of European institutions in order to operate on an international level.

Recommendations On the company itself, we recommend a change of the business model. On the first time, Altran needs to decrease the number of its subsidiaries. By going back to an in-house style of management and centralizing the growth and the financing strategy of its units, it would be able to reduce the workforce without losing in competitiveness and therefore, becoming more profitable. On the second time, in order to reassure the shareholders and stakeholders, an important work must be done on the level of public relations.

Showing that the company is totally transparent would bring back some investing cash flow and ensure the viability as well as stability of the price share. Finally, we recommend that the European office model be reproduced on the Asian as well as on the American continent. Considering the financial crisis Europe is going through nowadays and the market opportunities of some emerging countries like India and Brazil, we think that launching new offices centralizing the work flow on those continents would be the next step toward Altran globalization strategy.