

Celerant clients, former clients & friends of the business share their expertise and experience.

In 2009, in the middle of the worst economic crisis for 50 years, Jacques Aschenbroich was appointed CEO of Valeo.

In 2 years he has completely transformed the automotive components supplier. 'A Cultural Revolution' according to some analysts. **A record growth rate of 50% according to the facts.**

'In France, we are proud of being a French automotive components supplier, but we must become a Japanese automotive component supplier in Japan, a Chinese one in China.'



Jacques Aschenbroich, a Knight of the Legion of Honour and an Officer of the National Order of Merit, has been CEO of Valeo since 2009. He has held several public administration positions, notably in the French Prime Minister's Office from 1987-88. He then followed an industrial career with the Saint-Gobain group from 1988-2008, running subsidiaries in Brazil and Germany. Having become Deputy Director-General of Saint-Gobain in 2001, he ran the Glazing & High-Performance Materials areas from 2007, before running group operations in the USA.



What motivated your decision to launch a major Change Programme?

The results that came out of an analysis of the strengths and weaknesses of our organisation. If our trump cards were stronger than forecast, our weaknesses were more serious than we had thought. We already knew our strengths. They were our brand, our solid reliability as a supplier, fully-engaged teams, a continuous capacity for innovation and a financial strength that had enabled us to navigate our way through the recession without having to resort to the market. In addition to this, all the efforts we'd put into quality over the last few years had really paid off, with a net reduction in non-compliance rates even in the very heart of the recession. Finally, and this is one of our major assets as a company, we are underpinned by a very balanced customer base distribution. Today, our French customers represent about 23% of our turnover, German customers 30%, American customers almost 20% and Far Eastern customers 21%.

What weaknesses did these strengths conceal?

First of all, our company had not registered any growth between 2000 and 2008. We also had very high overheads and half-mast profitability. The reality was that we were in a negative spiral, due in part to an internal organisation that was too complex and a strategic message which had become blurred and vague. We quickly realised that our fragmented organisation was a major problem. Primarily because it prevented the emergence of growth drivers, with each entity focused on its own closed universe, but also because this fragmentation generated extremely high overheads and huge over-investments.

How did you go about changing things?

Our action concentrated on two major axes: To simplify the organisation and clarify our strategic message. At the organisational level, Valeo has moved from 11 sectors and 140 divisions to 4

areas and 15 product lines. It was a very targeted simplification, guided by an ambitious objective, namely to find the right balance between the functions with global responsibility and the local organisations which are always better established. For example, to grow in China you need to have a Chinese organisation which is totally oriented towards the local market. Our watchword was therefore: In France we are proud of being a French automotive components supplier, but we must become a Japanese automotive component supplier in Japan, a Chinese one in China etc. This delicate balance between global functions and local organisations is the cornerstone of our new organisation. As for our strategic message, it has been refocused around 2 main themes - the reduction of CO2 emissions and growth in emerging markets. We have been proposing major innovations to reduce CO2 emissions for several years and our research and development activities will be increasingly devoted to this field. The other message is our wish to grow in the emerging countries, in particular the Far East which today represents 50% of the market and 21% of our turnover.

What difficulties did you encounter during the reorganisation?

With the benefit of a little distance, I only remember the nice surprises. What was most striking was the strong degree of buy-in we got from management at all levels. The employees were aware that the organisation that had been in place for more than 20 years had arrived at a dead-end. We were therefore able to take advantage of a strong and widespread degree of staff motivation. Furthermore, I also think that paradoxically, the financial recession made our task easier, because it is always much easier to justify a change when things are not going well.

Were there any other surprises?

The realisation that this company has huge growth potential! I am absolutely delighted that last

year's results were the best for 10 years. But my greatest satisfaction has been our 20% increase in orders. This growth potential translates into a huge capacity for value creation and has generated high levels of enthusiasm from everyone.

What do consider the most important measures for success in a Change Programme?

The first measure remains the ability to grow and create value. But at the end of the day it's also the buy-in of the entire organisation to the Change Programme. Financial success which is not the result of a buy-in by the parties concerned will not be sustained over the long term because it's built on a lack of comprehension and coercion. Similarly, buy-in to a project that does not translate into growth or profitability also makes no sense.

What advice would you give managers launching a Change Programme?

Each case is unique of course, but whenever a new challenge presents itself, you must start by observing attentively, by simplifying the message you wish to disseminate and by communicating intensively on the main direction of the project. In short: Observation, definition of the major axes and communication, communication, communication. Finally, you must not lose sight of the customer, without whom we are nothing. You have to spend a lot of time with them to secure their buy-in to the project. ■