



STRATEGIC INTEGRATION, ALSO OF FOREIGN SUBSIDIARIES

Company

A Germany-based high-technology company has, among others, a subsidiary in the south of France. Historically and regarding its product, the subsidiary enjoys relative independency from the parent company. Benchmarks of the French company:

- 160 employees, Euro 25 million intercompany sales
- Own product series (R&D, engineering, product management, production, marketing and service)
- Highly efficient and profitable, better than parent company (cash cow of parent)

Problem

- As a result of frequent changes in the parent company's management, the management teams of the two companies grew further and further apart with positions becoming more rigid
- The second and third levels were pursuing their own politics against the subsidiary
- Correspondence exclusively by e-mail
- Dismissals in the subsidiary were ordered reasoning "You must save costs"; this was not acceptable to the French subsidiary because the biggest profits were generated there

Interim Task

Integrate the subsidiary into the strategic considerations of the parent company (closing, status quo, expanding) and assure sustained implementation

Solution

- Analyze the actual conditions and relationships between parent and subsidiary; conduct assessment on site with the first three management levels (of parent company and subsidiary)
- Explore differences in the mentality (Germany and France) and differences in business management (executive principle in contrast to collegiate principle)
- Provide coaching and consulting to first and second levels of parent and subsidiary
- Define common communication tools and working committees
- Set up and install a uniform reporting system (production-related)
- Implement a manufacturing network (internal and external)
- Establish centers of competence

Benefits

- The subsidiary became an integral part
- A company agreement, a reconciliation of interests, was defined with the works council in France and signed (unprecedented)
- Both management teams are communicating on an equal footing
- The subsidiary was developed into a center of competence, including the transfer of a product series from the parent company to France



Duration of Project

8 months

Success Factors

- Include the different cultural and historical conditions into the integration concept
- Early integration of employee representatives both of the German parent company and the French subsidiary
- Coaching and consulting of the first and second management levels of the parent company (who also had to commit to this constellation) and the French subsidiary
- With the manufacturing network and the uniform reporting system a bond no one can break away from was enforced