

T&S GROUP/SCOTTO PARTNERS

THE COLLECTIVE APPROACH: CORNERSTONE OF A CORPORATE PROJECT

After six years with Dzeta Conseil, in late 2018, Technology & Strategy group (T&S) switched to Ardian Expansion to pursue its development. At the time of the deal, a large number of managers took an equity stake.

INTERVIEW

WITH Jérémie Huss, co-founder and CEO of T&S Group, and Isabelle Cheradame, partner at Scotto Partners.

How was the T&S group structured until Ardian Expansion acquired its equity stake?

Jérémie Huss: The T&S group was founded in 2008 as specialist consultants in engineering, IT and digital and project management, and in particular with proven expertise in embedded systems. We built the group around three basic principles: first, a specialist offering with powerful business verticals; second, respect for the human values that are at the heart of everything we do; and thirdly a traditional Franco-German pairing, combining German rigour with French agility and creativity for the best of both worlds. We are headquartered in Strasbourg and our teams, totalling 1,300 people, are distributed between France, Germany and Switzerland. We are now developing regions such as Belgium, the UK and, more recently, Spain. In 2012, one of our founding partners wanted to move on and the company was bought out by Dzeta Conseil by way of an OBO. At that point we wanted to reshape the organisation to accelerate our business model, profiting from the experience of players equipped with the knowhow for growth, the different stages in the life of a company and the thresholds it must cross. Dzeta is a fund-cum-family office headed by Claude Darmon, a former entrepreneur whose career had provided him with just

the experience we were looking for. The deal paid off, and has turned out to be an excellent staging post for all concerned.

What was it that struck you about this company?

Isabelle Cheradame: I instantly noted the company's organisation and governance, based on human values. The decision-making duo, consisting of Jérémie and Fabrice Tricaud, is particularly attentive to the position of the other members of staff. They were committed to transparency and equitable rules between the various circles of managers, which is highly praiseworthy. Their message was clear and straightforward. The chief executive says what he's doing and does what he says.

Jérémie Huss: Each of us may have a different role or area of expertise, but it's the collective approach that then has to kick in to take the business to new levels. We have an entrepreneurial organisation in place, with two major types of business line. One is the intrapreneurs, who are from technical or university backgrounds but who, at one point or another, wanted to do something concrete for which they would have full responsibility. These people are now involved in developing business units, i.e. taking a marketing-driven approach to a given region and a given business. They are taking on the human challenge



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👤 Above, left to right: Jérémie Huss and Isabelle Cheradame

of finding the right balance between the expectations of our workforce and our commitments to our clients. On the other side there are the experts, the talents at the sharp end engaged day in and day out on the projects, assignments and worksites we run for or on behalf of our clients. Their career paths tend to be very dynamic, and they have often worked extremely hard to acquire their expertise.

Dzeta, which focuses on growth businesses, recently stepped aside for Ardian, one of France's biggest funds. What was it in this new partner's proposal that attracted you?

Jérémie Huss: A fund's mission is to support the firm through the stage that follows. Dzeta fulfilled that role perfectly and I thank them for it. They helped us pass the milestone of 1,000 employees, €100 million in turnover and our first steps into international markets. At the time of Dzeta's exit, before launching the new process, we started by defining our corporate project for the future and from that identifying a standard fund profile. Ardian Expansion showed an interest and produced some very pertinent specifications. The fund is headed by François Jerphagnon, and we are assisted by Marie Arnaud-Battandier and her team. They have huge resources, obviously, but most importantly they have an

organisation that is agile, tailored to each business, with the international dimension at the heart of their strategy. And we share their ambition for growth. Ardian also enjoys a reputation for looking out for the interests of not just management but also of employees in corporate projects. The team is now right behind us, not on the operational side, but when it comes to strategic support, external growth prospects or development. They are always there for us when we need support with our project, and truly committed to the role they play.

What advice would you give to managers when choosing the fund to support them?

Isabelle Cheradame: No two funds are alike. You need to find the one that best matches the DNA of your business and, within that fund, find the right team to assist your managers. In the case of T&S, there was a great compatibility between profiles, which, frankly, came as no surprise to us. Jérémie asked us a lot of questions and we did everything we could to guide and assist him in his choice. The legal advisor can bring the benefit of their experience, but management has to build its own experience and forge links with the investor. For certain deals, the processes are far more wide-ranging, with around 20 funds consulted. This is a mistake in

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my view, because entrepreneurs emerge exhausted from meeting after meeting, on top of their normal everyday workload. It is vital to check first whether compatibilities exist around a project, before starting on the meetings. The waste of time for all concerned and the risk of news leaking onto the market can ultimately destroy value. In this case, investment bank DC Advisory played its role to the hilt, as the specifications were scrupulously adhered to. It is a crucial point for the management team that the project is clearly expressed and understood. Only then can a deal be successful.

How do you compile these specifications?

Jérémié Huss: The basis of the project is in the hands of the managers. It is they who must carry it forward, because it is they who will be implementing it in the future, with the shareholder fund acting as accelerator. So the project needs to be defined by the management team to make sure management is on board, at least with the broad outlines. Then it needs to be presented to the investment bank, which will rework it in consultation with management, challenge it.

Isabelle Cheradame: In some cases, where the investor is very hands-on, things work rather differently. But in a company like T&S, where the human element is the foundation on which the project is built, the specifications are clearly a matter for the management team. Everyone else involved, whether it be the financial partner or the investment bank, will then add their contribution to the working basis. And at this point management will have to accept being challenged and be open to discussion, without losing sight of their essential DNA.

Did you expand the circle of incentivised managers with the arrival of Ardian?

Jérémié Huss: We already had a circle of managers from the first deal with Dzeta, and that circle expanded as the adventure progressed. This is a project about people, about sharing and involvement. We set up a ManCo that allowed us to include a good many employees in the scheme. So T&S is now a shareholders' adventure for our employees. We are already working on

plans for the change of size, so the whole team needs to be involved.

Isabelle Cheradame: The number of managers incentivised again depends on the firm's DNA. In a people-centric business, where the human element is key to the project because that is the element the legal advisor works with, it is only logical to involve them in the adventure. Whether organic or external growth is the means chosen, the tools need to be tailored to the corporate project. They are what make it possible to develop that entrepreneurial flair so vital to the work T&S does for its clients. It is an essential alignment of interests, because employees invest, in every sense of the word, in the execution of the project. The management package is very different from the incentive scheme, which ultimately represents the remuneration for employees' investment in the activity of the past.

Jérémié Huss: And enrichment is also a form of engagement, with positive aspects and sometimes difficulties to overcome. This financial investment has everyone looking in the same direction, which leads to a kind of mechanical form of group benevolence.

What advice would you give to a manager embarking on a secondary LBO process?

Jérémié Huss: Every situation is different, but the first piece of advice is to pick a real investment bank that understands your project and your business, and that can find good points of contact. The second is to find a management advisor very early on in the process, who will get involved in the case and support you in the future. Isabelle's experience, and that of her firm, Scotto Partners, real specialists in providing support to managers, was fundamental to the deal. The better your ecosystem partners understand your corporate project, your managers, their personalities and objectives, the more time you save down the line.

Isabelle Cheradame: It is a very good idea to make contact with legal advisors fairly early on in the process. You have to allow yourselves the time to get to know one another. We deliver technical expertise – and, indeed, it can be very helpful to be able to go over aspects of the fiscal structure, for example, or settle a financial issue at an early stage – but we are also called on to support the manager through their project and so we need a clear understanding of their expectations.

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