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Omnes Newsletter

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Beauty or the Beast?

A recurring dilemma for organisations and managers is whether to opt for a management style based on conviction or humility. Authoritarianism or a free-will culture? Broad or narrow range? Ultra-standardised practices or “adaptive flexibility”? A centralised price policy or a diverse set of sales parameters?

Take business models, for example. To control costs, the natural instinct is to streamline (as in Henry Ford’s famous words, “*A customer can have a car painted any colour he wants as long as it’s black*”). The idea is to simplify processes and make things uniform, establishing standards and applying them systematically (as with the first generations of product concepts in mass consumption and retail, such as McDonald’s and Coca-Cola). The advantages are legion, in production, reporting and sales. For example, high volumes serve to cut costs, boost margins and manage the market share of the competition. Large-scale advertising bolsters demand and counters consumer disloyalty. As long as the cost/efficiency ratio of advertising remains high, all is well. But things get complicated if it doesn’t. Consumer trends in the last half century have demonstrated the limits of the

“single model” system. Fast-food chains will adapt their meals and concepts to local conditions, while high-profile mass retailers will segment their markets and broaden their ranges. But how far do you have to go to find the optimum point?

The same questions apply to management methods. The highly centralised organisations of the early industrial era have given way today, to varying degrees and in various guises, to organisations seeking to foster initiative and empowerment, implementing simplified hierarchical levels, sharing rather than partitioning information, and drawing on all employees for ideas and sources of improvement. Should the former be shunned in preference for the latter?

As usual, the truth lies in a well-balanced combination of extremes.

Our columns do not claim to give lessons in strategy. Our readers don’t need them. Certainly on these elementary ideas.

Our aim instead is to stress how vital it is for a company to realise the importance of striking a balance in the methods it applies in all operational aspects, from production and organisation to human resources and business relations. No good choice is immutable. Even more important is the need for a management approach that serves to continuously call into question all the balances that seem relevant in a particular context. Today’s balances and trade-offs will not be the same tomorrow.

“Our aim is to stress how vital it is for a company to realise the importance of striking a balance in the methods it applies.”

At Omnes, assessing the ability of our holdings and their management teams to adopt this “adaptive” attitude is a key criterion in our investment decision-making. Our finest achievements are made with management teams that have correctly gauged their competitive environment, adopted the appropriate attitude, and possessed the humility to call themselves into question and the honesty to open up to their shareholders.

In the world of rock music, there are no compromises: Beauty and the Beast are one and the same. Vincent Furnier set the ball rolling by creating “shock rock” with a pseudo featuring a sweet teenage girl armed with a deadly axe. Brian Warner further refined the concept 20 years later by marrying a drop-dead gorgeous blonde with a full-on psychopathic killer. Both continue to spill blood, drop the guillotine¹ and jiggle their boa constrictors (apart from the one that met its end in the plumbing of a Tennessee hotel on a 1971 tour) on their world tours². Their brand of showmanship may raise a smile or two today, but the two characters have left a lasting mark with their original compositions and sounds. Listen

to the 70’s numbers *Under My Wheels* and *School’s Out* by our friend Vincent, and *The Beautiful People* and *Disposable Teens*³ by his latter-day partner in crime Brian, 25 years later. Even if you’re not a fan, the production itself is well worth a listen. Me, I love it.

We hope you enjoy this 32nd issue of our newsletter, which provides real information about real companies, real successes, real people and real passion. Thank you for your trust.

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Find out more at
www.omnescapital.com

1. <https://youtu.be/Nj6tOykJFDs>
2. Vincent will be playing the Olympia on 7 December 2017 and Brian the AccorHotels Arena on 27 November 2017.
3. https://youtu.be/KgPipY7h2_g

A SPORTING AND ECO-LOGICAL CHALLENGE

Yvan Bourgnon realised a new feat in July 2017 by sailing a sport-catamaran from Alaska to Greenland through a passage normally blocked by ice and considered as impracticable. The journey lasted 71 days in polar cold and amid dangerous survival conditions. Beyond the sporting challenge, the aim of the crossing was to raise awareness of climate change and ice melting. Omnes is particularly proud to have been a part of this human adventure alongside the company Bimedia, which it has supported since 2015 and with which Omnes shares strong values.

31 JANUARY 2018: CERCLE OMNES DES ENTREPRENEURS

Once again this year, Omnes is bringing together its partners, clients and entrepreneurs as part of an exceptional evening of debates on today’s key issues. The fourth *Cercle Omnes des Entrepreneurs* evening will be held on 31 January 2018 at Pavillon Cambon in Paris, in the presence of French *Général d’armée* Pierre de Villiers.