

Contemporary management problems

Growth strategies & performance



Théo JUSTY



Schedule (1/2)

Today

Session 1	Session 2	Session 3	Session 4
Introduction & Case study 1	Case study 2	Case study 3	Case study 4
September 28 th	October 03 rd	October 10 th	October 17 th
Correction of case study	Presentations & correction of case study	Presentations & correction of case study	Presentations & correction of case study

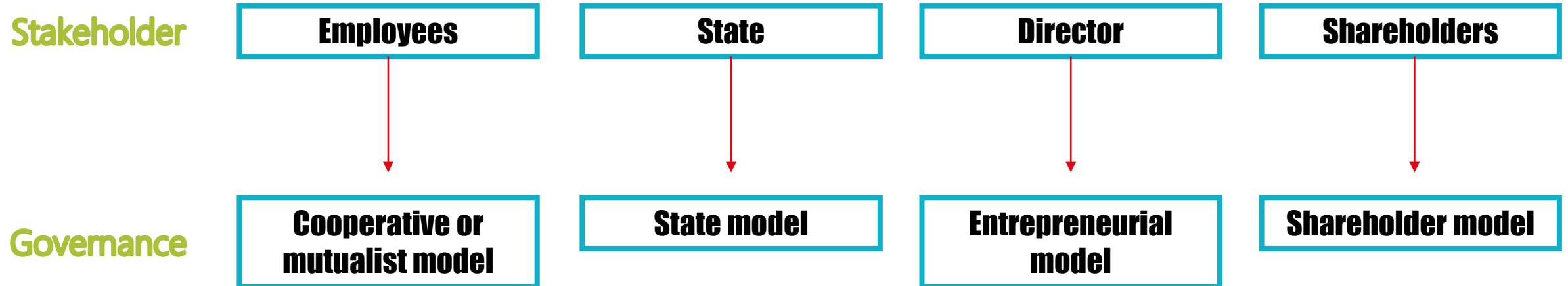
Schedule (2/2)

Session 5	Session 6	Session 7	Session 8
Case study 5	Case study 6	Case study 7	WRITTEN EXAM
October 24 th	November 07 th	November 13-20 th	November 13-20 th
Presentations & correction of case study	Presentations & correction of case study	Presentations & correction of case study	EXAM

Let's recap!

Corporate governance models

Governance or corporate governance refers to the decision-making model at work within a company

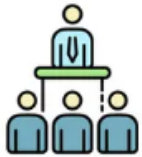


A company transformation in governance affect all the stakeholders in different ways.

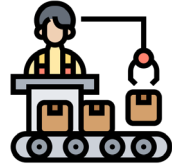


Different stakeholders, different interests

- **Economic interests**
- **Financial interests**
- **Strategic interests**
- **Social interests**
- **Environmental interests**



Production logic VS Financial logic

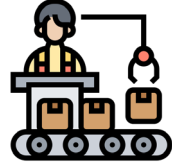


- **Objective:**
 - To maximize the quality and minimizing production costs
- **Process:**
 - Standardization
 - Large scale production
 - Accessibility



- **Objective:**
 - To maximize the business value for the clients
- **Process:**
 - Diversification
 - Segmentation
 - Innovation

Industrial strategy VS Financial strategy



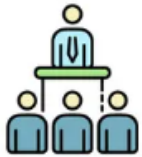
- **Industrial strategy**
- It is measured in **physical units** such as the units produced and in **monetary units** such as sales, payroll, fixed assets and assets.
- It is a **long-term strategy**, and it can be planned.



- **Financial strategy**
- Financial logic is measured only in **monetary units** such as value added, equity and market capitalization
- It is a **short-term strategy**, and it depends on the current economic conjecture.

Different perceptions of employees

- **People as a cost**



- **People as a resource**



Different types of growth

External

Internal

Vertical

Horizontal

Patrimonial

Conglomerate

Purchase of companies or acquisition of existing productive or commercial capacities in the sector of interest to the company

Creation of new productive or commercial capacities of the company from scratch, innovation, accumulation of own resources

Investment upstream or downstream of the production chain.

Objective to cover the whole of a market and to reduce the competition which can pass by the purchase of the competitor or of a partner

To develop the company based on a greater possession of assets (tangible and intangible) leading to an increase in the patrimonial value of the company.

Purchase or launch of companies with different business models. The company expands by diversifying its business internally or by buying different companies that can increase its profit.

Case study 3 - Virgin

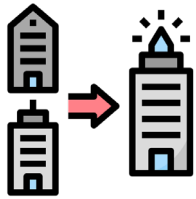
Growth strategies & performance

Question 1

What are the directions and paths of the growth strategies of Virgin and Butler Capital Partners respectively? Justify.

Directions for growth strategy at Virgin

Conglomerate growth



Document 1

"multifaceted empire"
"seeking salvation in diversification"
"Jack-of-all-trades"

Patrimonial growth



Document 3

"creation of independent legal entities"
"500 small units in the world that operate almost autonomously"

Internal growth



Document 3

"it is a group that has made its success from companies created from scratch"
"improvements to this basic concept"

External growth



Document 2

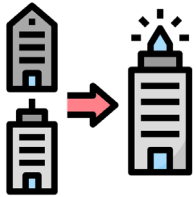
"We have invested in other people's Internet start-ups"

Document 4

"New lands of conquest"

Directions for growth strategy at BCP

Conglomerate growth



Document 5

"economic intelligence; Casinos; repairer of digital products; jewellery; distribution of cultural products; messaging; rental of aerial work platforms, computer services »

Document 6

"investment funds" "portfolio companies" "various sectors"

Patrimonial growth



Document 6

"The credo of this venture capital fund: investing in companies in difficulty"

External growth



"So much so that Boeing announced on March 28 that it was buying 50% of one of its main suppliers, Global Aeronautica."

Question 2

How are Virgin and BCP business opportunities targeted?

How Virgin targets business opportunities?

Identify a need on an existing market



Document 2 → "When in a country, something is not done very well by the actors in place, we throw ourselves into the water."

Document 4 → "Virgin's target markets are often those where customers have been scammed or neglected, where confusion reigns and where competition does not conflict"

Make a difference



Document 2 → "I'm interested in activities where I can make a difference"

Document 4 → "Virgin sells its 'difference' as a business philosophy. And it works"

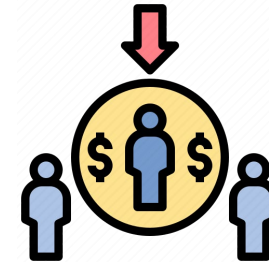
How BCP targets business opportunities?

**Target struggling
companies**



Document 6 → "The credo of this venture capital:
investing in companies in difficulty"

**Identify rebound
potential**



Document 5 → "Companies [...] which have a real
rebound potential for the "reversal" fund"

Question 3

Are these two companies part of industrial or financial growth logics?

What are the goals pursued through their growth strategies?

Virgin's growth logic

Industrial growth logic → Increase the activity of the company by increasing its structure

- Business development
 - *"With Virgin Active, already present in Portugal, Spain, Italy, Singapore, Australia, and so on, we are looking to establish ourselves in Paris and France"*
- Development of the offer
 - *"Virgin has made some improvements to this basic concept" "launch of a 'revolutionary' Virgin Mobile offer"*
- Development of the brand
 - *"Megastore has become a generic term to describe Virgin-type department stores"*
- Long-term strategy
 - *"Virgin plays for the long term"*
 - *"Its philosophy is to immerse itself in new activities until it fully understands the ins and outs"*



BCP's growth logic

Financial growth logic → Identify and streamline the company's sources of value creation

- Profit development
 - *"When BCP bought the company, we suspected that an investment fund was expecting results"*
- Seeking return on investment
 - *"BCP's first action was... to sell the Northern Ferrets, a profitable branch of the Virgin company. »"*
- Short-term vision
 - *"while our sector was evolving, nothing was done"*



Question 4

**How do the growth strategies deployed within Virgin and BCP impact
the way management is viewed?**

What is the perception of the management mode?

Growth logic	
Industrial logic	Financial logic
Brand development	Increase financial value
Value creation sourcing	Streamline costs
Autonomy	Control

What is the perception of the management mode?

Growth strategies	
Internal growth	External growth
Creation	Buy
Development	Change
Specialization of skills	Diversification

Question 5

Which strategy could be more successful for the Virgin/Megastore case?

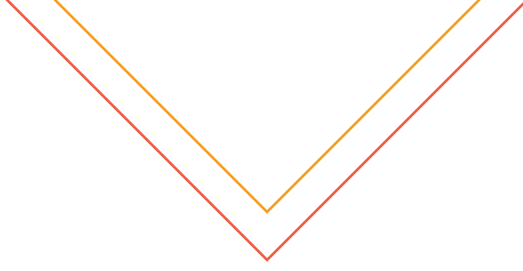
BCP's growth logic

- The Virgin Group's strategy appears to be effective from an industrial and social point of view.
 - Virgin managed to create a strong brand image and attractive living spaces.
- BCP's strategy appears to be effective from a financial point of view
 - But Megastores were mismanaged and costly.
- As a result, can we say that Virgin Group still exists today?



Any question?

**Who are the 2 groups
for next week?**



Contemporary management problems

Case study - Virgin

Thank you