

Managers' view



EDITORIAL

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SERVING MANAGERS...

Serving company managers. This is the vocation of Capital & Dirigeants Partenaires. The few examples of operations outlined in these pages are designed to offer the reader an illustration of what this vocation has produced in the way of recent concrete projects.

Serving businesses. Because our companies create growth and employment, no operation deserves to be organised if it does not fully factor in the expansion of the business. An outside view, clear and balanced, can help managers and shareholders find solutions to reconcile and optimise their various objectives.

In too much demand? Investors, buyer groups, managers looking for a business to take over, banks, etc. Today everyone is hunting for the «Gazelle», an attractive SME that is growing strongly and is highly profitable.

Cash has never been so abundant, so, whatever your plans, take advantage of it!

We are at your disposal to help you get a clear picture, to hold discussions in complete confidentiality and to examine with you the best solutions from the present vast choice.

Bruno Annequin
Managing Partner

Buying a company

Laboratoires Filorga – DIDIER TABARY, CHAIRMAN



“... IT IS IMPORTANT TO HAVE ALONGSIDE YOU AN EXPERIENCED INVESTOR WHO HAS THE RIGHT INSTINCTS AND THE RIGHT BENCHMARKS.

... IT IS VERY HARD TO DEFEND YOUR INTERESTS YOURSELF AND PLACE THE BAR AT THE RIGHT HEIGHT IN BARGAINING BETWEEN POTENTIAL FUTURE PARTNERS. ”

C&DP's opinion:

It is important for anyone looking to buy a company to identify it him or herself initially, and then focus on the close relationship he or she must establish with the seller(s), and on the business plan and the planned operational takeover. The aspects of searching for financing and negotiating with the financiers and sellers should be delegated to an adviser so that the buyer is not pulled in too many different directions and diverted from the primary objective: concluding the deal.

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Together with financiers you recently bought Laboratoires Filorga from their founders, Mr and Mrs Tordjman. What is Filorga's business?

Didier Tabary: Filorga is a pharmaceutical company founded by Dr Michel Tordjman in 1978. It specialises in the development of anti-ageing products for dermatologists, plastic surgeons and aesthetic doctors. Filorga is established in 27 countries and generates over half of its revenues from international operations.

What is your career experience?

Didier Tabary: After «Sup de Co» commercial studies, I did voluntary national service in a company («VSNE») in Honduras for the Thomson Group and then joined the Chanel Group for which I worked for about ten years. In particular, I took part in development of the Bourjois brand as a Latin America regional manager and then as Managing Director of subsidiaries in South Korea and Italy.

Why did you choose to take over a company?

Didier Tabary: I had successfully created two subsidiaries for my shareholder, starting from scratch. I said to myself that the third time, I would do it for myself! I have always felt the entrepreneurial urge and I thought that at the age of 40 it was the right time: I had the necessary energy to do so and a certain experience to exploit.

What were the key factors in the success of your operation? What advice would you give to those who want to embark on the adventure?

Didier Tabary: I would give three recommendations:

- Know precisely what you want: size of the target company, business, amount of personal investment (...).

- Persevere! I took more than 12 months to find my target and I preferred not to follow up on several businesses that I had no feeling for.

- Obtain advice from the start of the search phase and especially once the target has been identified.

What value added did Capital & Dirigeants Partenaires provide you with?

Didier Tabary: There are two important aspects to the support I found at Capital & Dirigeants Partenaires:

- LBOs are operations which soon become technical for the layman, and it is important to have alongside you an experienced investor who has the right instincts and the right benchmarks. Otherwise, it is very hard to defend your interests yourself and place the bar at the right height in bargaining between future partners.

- A deal is above all a psychological adventure. It is a meeting between people who want to do something together but who can very quickly be separated by anything. The path leading to the conclusion of a deal is treacherous. An adviser such as Capital & Dirigeants Partenaires is there to help you avoid the pitfalls but also to make you feel less alone, put things in perspective sometimes... You receive enlightened moral support: it's very important.

What are the main challenges for Filorga in the initial months of the takeover and for the coming years?

Didier Tabary: The expansion of Laboratoires Filorga requires a strengthening of the sales force in France on the commercial level and the establishment of good international coordination with our partners. On the product level, we are considering setting up a Scientific Committee and developing new ranges to supplement the existing product range, in particular an anti-ageing dermo-cosmetic line for the general public.

“ ... THE QUALITY OF THE MONTHLY REPORTS OF THIS CHARTERED ACCOUNTANT, HIS DEDICATION AND THE ASSURANCE OF CONTINUING HIS WORK WERE SEEN BY THE INVESTOR AS IMPORTANT FACTORS FOR ACQUIRING A STAKE IN THIS BUSINESS. ”

WINNING TRIO: THE OBO

Securing your assets

Dauphiné Compta

CHRISTIAN PETISCO, CHARTERED ACCOUNTANT

For the past ten years you have been the chartered accountant of a company which was recently the target of an LBO, with a financial investor acquiring a stake. What is the business of your client, Société de Panification Moderne (SPM)?

Christian Petisco: SPM currently generates €8 million in revenues. It is a family-owned company founded in the 1960s by an artisanal baker, the father of Catherine Thierry, who has run the company herself for more than 15 years. This industrial bakery company gradually pulled out of the white bread mass production market to focus on two high-value-added products: specialty breads and pastries. Its know-how is artisanal and based on tradition, banning the frozen products which today account for most of the supply of industrial bakeries, bakery chains and mass producers of sandwiches: SPM is capable of supplying large quantities of the best products in the Paris region, that it sells to luxury hotels and top restaurants.

What is the scope of the work performed by your firm for SPM and how do you define the value added that you provide for it?

Christian Petisco: The expansion of SPM is the result of two actions carried out simultaneously: improvement in the quality of the products and service, and a knowledge of the key figures of the business and the monthly profits generated in a sector where every cent counts. A thorough knowledge of the bakery sector enables us to go beyond general accounting and provide advice regarding all the company's strategic decisions.

What was the objective of the LBO operation carried out in 2006?

Christian Petisco: The transfer of this family-owned SME had several objectives:

- Secure a large proportion of the manager's capital, the business asset being her only source of wealth.
- Ensure the continued existence of the company, via a management team reorganisation which could only be achieved with the help of an experienced investor.
- Take the necessary steps to carry out external growth operations for a business which can easily duplicate its model.

What was your own role before and during the organisation of the deal? What is your role at present now that the financial investor has acquired a stake?

Christian Petisco: The arrival of a financial partner can entail reservations with regard to the «world of finance». The incumbent manager should therefore be reassured regarding their own role following the operation in the face of wishes that are not always expressed, but a relationship of trust must also be established with the buyer regarding the continuity of the business, and notably its future profits. Now that the economic indicators have been put in place, there should be a transition from a paternalistic, intuitive management style to a more functional mode of organisation capable of releasing energy.

How did you experience the relationship with Capital & Dirigeants Partenaires and what, in your opinion, was its value added?

Christian Petisco: Your structure was the link between the financial investor and our client. In the present case, it was essential to play down certain situations and carefully explain what would be the future relations between the two parties, and the shared objectives resulting from the alliance. The importance of the relational factor was key to the success of this deal.

Do you think collaboration between your firm and a specialist adviser such as Capital & Dirigeants Partenaires is a good idea for others of your clients?

Christian Petisco: Our two lines of work are highly complementary in that we provide technical appraisal prior to such a takeover operation. For any operation of a certain size, your competencies in the area of corporate succession are appreciable. We shan't hesitate to call on you if we are looking for buyers, financing or financial partners!

C&DP's opinion:

A chartered accountant as involved as Christian Petisco can secure the deal both upstream and downstream. The quality of his monthly reports, his dedication and the assurance of continuing his work after the investor's acquisition were seen by the investor as important factors for acquiring a stake in this business.

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Transparency

Capital & Dirigeants Partenaires was founded by Bruno Annequin on 11 May 2005, following experience as an auditor, corporate M&A and fundraising adviser, and finally as an investor in a firm acquiring equity stakes in SMEs. Capital & Dirigeants Partenaires is 95% owned by its founder. The company's object is as follows:

"In France and abroad: Giving advice to company managers and/or shareholders, providing assistance in any merger operations, modelling and organisation of financial transactions, searching for partners, and corporate valuation."



Raising capital

LTI Telecom – DAVID MORTAMAI, CHAIRMAN



“... FIRST CLARIFY AND DEFINE PRECISELY THE INDUSTRIAL PLAN ON A 3/5-YEAR HORIZON. THIS THEN ENABLED US TO HAVE CLEAR IDEAS FOR DEFINING THE AMOUNT OF FUNDS NECESSARY AND THE TYPE OF INVESTOR WITH WHICH WE WANTED TO JOIN FORCES.”

“... THE VALUATION NEGOTIATED IS IN LINE WITH WHAT I WANTED FROM THE OUTSET, THE AMOUNT OF FUNDS RAISED LIKEWISE, AND WE CHOSE AN INVESTOR MEETING OUR CRITERIA.”

C&DP's opinion:

The success of this operation is due both to the clarity of the strategic plan and the clarity of the manager's expectations, not to mention his qualities as a partner which were apparent to all the investors consulted. We have established a real partner relationship.

You recently sold a stake in LTI Telecom to a financial partner. What is LTI Telecom's business?

David Mortamais: LTI Telecom was founded in 1998, when the telecommunications market opened to competition and France Telecom's monopoly was terminated. We are a telecommunications operator specialised in a client base of small and medium-sized businesses. We offer fixed-line telephony services (pre-selection and full unbundling) and mobile phone services via an MVNO agreement. We sell these offers directly and indirectly, providing transmission capacity on the existing French networks without distinction. This makes us the preferred low-cost telephony operator for very small to medium-sized enterprises. Our current revenues are €10.5 million and our growth is accelerating.

Why bring in a financial partner?

David Mortamais : After years characterised by a very large number of competitors, and hence intense competition, the market is consolidating and becoming more mature. In this environment, we want to accelerate our expansion via organic and external growth so as to emerge in around three years' time as a major player in the segment of very small to medium-sized enterprises. We are currently the No. 8 player in this segment of the telecommunications market and we want to be one of the leading five in around three to five years' time.

Have you mobilised your management team towards this goal? When and how did you mention the subject?

David Mortamais : My Finance Director was involved as of the first work sessions with Capital & Dirigeants Partenaires. The rest of the team was informed as the project progressed. We had already decided together to accelerate our organic growth by launching new offers and by recruiting extra sales personnel. However, mentioning the fundraising plan enabled me to emphasise the benefits of the external growth lever for everyone, by showing them that we were taking the necessary steps.

You appointed Capital & Dirigeants Partenaires to carry out this operation.

What was the work performed with them ahead of it?

David Mortamais : It involved numerous discussions to first clarify and define precisely the industrial plan on a 3/5-year horizon. This then enabled us to have clear ideas for defining the amount of funds necessary and the type of investor with which we wanted to join forces. This preparatory thinking was very important and the contribution of Capital & Dirigeants Partenaires helped me enormously. This then materialised in the drafting of a simple, effective presentation memo of LTI Telecom and its strategy.

How do you assess the assignment and how it was performed?

David Mortamais : As you might expect, I met several investors interested in our project. We then established a short list, before negotiating with some of them the key aspects such as valuation, terms and conditions and the amount of the financial contribution, the shareholder agreement, etc. I have a very positive opinion of the quality of the work performed by Capital & Dirigeants Partenaires: my adviser, Bruno Annequin, managed the whole operation, allowing me to devote most of my time to managing LTI Telecom. Furthermore, all my objectives were achieved: the valuation negotiated is in line with what I wanted from the outset, the amount of funds raised likewise, and we chose an investor meeting our criteria.

Accordingly, in the context of our current external growth initiatives, we have appointed Capital & Dirigeants Partenaires to help us make these acquisitions.

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“ WE HELP MANAGERS
PLAN AHEAD FOR CERTAIN
KEY STAGES SUCH AS
PREPARATION FOR
RETIREMENT AND FAMILY
SUCCESSION. ”



Enhancing the value of your assets

Pgc GUILLAUME JALENQUES DE LABEAU – CHAIRMANT

Wealth and tax advisory services regarding the personal situation of the manager and his family are a major aspect of the operations carried out by Capital & Dirigeants Partenaires. This is precisely the purpose of the partnership established with Pgc in order to propose, to those clients who require it, additional guidance in this area.

Tell us about Pgc and its business ...

Guillaume de Labeau : Pgc is a portfolio management firm founded in 1982, accredited by French market regulator AMF since 1990, and is one of the biggest independent companies in its field.

Its main activities are the management of portfolios and public or bespoke investment funds, analysis, restructuring and wealth succession, life insurance and «family office» type administrative, legal and tax assistance.

Our job is to listen to our clients in order to clearly understand their situation, identify their needs and expectations, and offer them an appropriate personalised service, applying proven methodologies. This relationship is based on mutual choice and is established through a real partnership.

Our portfolio management draws on our experience of the markets and is based on a disciplined investment process and a clear investment philosophy which gives priority to equities and diversification.

Our knowledge of our clients, the stability of the personnel and the family share ownership structure of Pgc enable us to ensure responsibility for actions taken from a long-term perspective. It is an assurance of commitment in our advisory services and a guarantee of performance.

We also invest constantly in upgrading and improving the performance of our information systems. These ensure that Pgc is not dependent on outside service providers and assure our clients of the quality of service and information at all levels.

Pgc is the first portfolio management firm to have received ISO 9001-2000 certification for all its operations, in July 2002.

What services do you propose specifically for company managers and shareholders?

GJdL: The close links between personal and business assets led us, from the outset, to supplement the traditional portfolio management business with advisory services for companies and their managers.

We provide them with our expertise for an overall analysis of their assets and we assist them with thinking to optimise the organisation of these assets.

We help them plan ahead for certain key stages such as preparation for retirement and family succession, and for any financial engineering operation, for which we call on our Colonne Vendôme subsidiary.

For some years now, we have also been able to relieve clients completely of all the work of administrative and financial follow-up of their wealth. This is a basic family office service for managers and former managers who want to focus on their company or their personal plans after a sale.

Who are your competitors and how do you differ from them?

GJdL: All those involved in work in our businesses are potential competitors in such or such a business, but none of them brings together under a single roof, with a single high-level contact person, the ability to answer all the questions faced by a company manager.

This gives us the ability to be veritable personal advisers for them, independent and permanent. Our independence enables us to make this choice of «customised service», a choice that is regularly renewed. Although it may be a drawback for increasing the number of clients, it is a strength in terms of adaptability and availability. At a time when priority is given to the industrialisation of investment management and advisory services, I consider that we have no direct competitors.

What are at present your main topical work themes with company managers regarding their wealth management?

GJdL : Apart from and in addition to investment management services, we can concretely assist those clients who so wish in:

- Their strategic planning regarding both their business assets and their personal assets;
- Their family secretariat;
- Transmission of the «financial culture» to the following generations;
- Structuring their assets;
- Preparatory planning for major events such as a sale of the business.

We have provided services in this area for around 25 years, and the growing complexity of our clients' needs has led us to become structured and strengthened to provide a formal response to these needs internally or via outside partners.



THE WEBSITE

www.capital-dirigeants.com



Knowing the value of your company

BSO STÉPHANE FOUCHER, CHAIRMAN



“ A FAR MORE OBJECTIVE VIEW OF THE STRUCTURE I MANAGE, INCREASED AWARENESS OF ITS VALUE AND OF THE OPPORTUNITIES AVAILABLE TO IT. ”

You asked Capital & Dirigeants Partenaires to make a valuation of your company. With what aim?

Stéphane Foucher: As the founding manager it is always interesting to know at a given time the value of your company and its attractiveness for investors or buyers. Then, once you know this valuation, at a time when there is a lot of talk of LBOs, obtaining financing, etc., the question arises: What should I do? Capital & Dirigeants Partenaires was there to advise and guide me so as to steer me towards a solution which suited me perfectly.

Did you carry out in-depth work on the forecasts on this occasion? Did the result convince you?

Stéphane Foucher: Completely, and even more than that, because some of the results and analyses of Capital & Dirigeants Partenaires led me to some strategic thinking about the foundations and fundamentals of my company. The results and their presentation were very clear.

What did this valuation provide you with apart from the figures?

Stéphane Foucher : A far more objective view of the structure I manage, increased awareness of its value and of the opportunities available to it. And more than that, contact with finance and equity investment professionals whom I did not know before.

Tell us about BSO...

Stéphane Foucher : BSO is the leading agency in the organisation of «turnkey» events and evenings in the Paris region. Our specialist team also manages large events, made-to-measure, at the national level. We generate revenues of €7.0 million, both with big CAC 40 groups and with small companies. Our catalogue of events and our website will show you the whole range of our expertise: precise identification of the objective of the event, and then delivery taking care of all aspects.



C&DP's opinion:

Only the experience of concrete transactions performed on comparable companies can ensure the soundness of a valuation. Each SME is unique, a niche player, with its own strengths and weaknesses, opportunities and threats. The qualitative diagnosis is therefore the main part of the valuation, and the figures merely confirm a conviction. And Capital & Dirigeants Partenaires undertakes to state only a figure that it will be able to deliver if the manager decides to take action on his capital and entrust our firm with an assignment for disposal, fundraising or financial engineering to secure wealth.

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Sectors of experience



Healthcare establishments

- MCO clinics
- Follow-up care and functional re-education
- Old people's homes
- Psychiatric institutions



Hotels / Restaurants / Tourism

- Hotels
- Restaurant chains
- Tourist residences



Training and Education

- Vocational training
- Further training
- Private higher education establishments



IT Services

- IT service providers
- Software publishers
- Hosting and security



Transport and Logistics

- Logisticians
- Batching
- Refrigeration
- Express delivery
- Parcel delivery
- Specialist service providers



Health & Beauty

- Medical equipment
- Pharmaceutical companies
- Medicines
- Prostheses and implants
- Professional products



Food processing (B2B and B2C)

- Wines and spirits sector
- Fruit and vegetables sector
- Sea produce sector
- Meat products sector
- Bread, pastries and cakes sector
- Ingredients, flavourings



Distribution

- Specialised distribution
- Mail-order sales and e-commerce
- Large food retail stores and DIY stores
- Hard discount



Industry

- Building, construction and materials trade
- Professional electronics
- Miscellaneous industrial equipment
- Miscellaneous equipment for retailing



Service companies

- Publishing, press
- Internet
- Maintenance and repair
- Expert appraisal and consultancy companies



Communication agencies and service providers

- Events management
- Direct marketing
- Advertising
- Design

The Gazelle, the Financier and the Flock ...



Investment funds: origins and maturity of a business essential to the economy

To avoid a recession following the bursting of the dot-com bubble and the 9/11 disaster in 2001, the big powers massively injected liquidity into the global economy. This liquidity is now partly in the hands of the banks, and partly in the hands of the investment funds that have made headlines in the media in the past few months.

Represented in France by a thousand professionals spread among two hundred organisations, institutional or family-owned, investment funds of limited lifetime («FCPR» venture capital funds) and investment companies of unlimited lifetime (holding companies and «SCR» venture capital firms), these investors thoroughly sift and sieve the fabric of our businesses, with a view to investing their capital in them.

Since the emergence, at the end of the 20th century, of investment in unlisted companies («private equity», as opposed to listed companies open to the public), the experience of these investment structures and their investor teams has led to better selectivity and better know-how in providing support for managers. The young teams have grown grey hairs as a result of the occasional setback. With a swift, simple approach, based on the establishment of a win/win partnership with the management, they now even invest within as little as a month in SMEs with 20 employees and acquire whole branches of activity that groups want to divest. The managers of these groups sometimes call on them in turn in order to withdraw from the stock exchange, preferring to operate with a less time-consuming and less volatile shareholder structure.

Admittedly, these investors expect a high return on their capital in return for the risk taken. **ADMITTEDLY, SOME TYPES OF BEHAVIOUR AND EXCESSES SHOULD BE BANNED.**

Admittedly, this profession, more than any other, must generate its own antibodies, to avoid having everyone regularly «be sickened», to use the expression of French employers' federation boss Laurence Parisot.

But these investors also provide the lifeblood and openness of an economic fabric that needs them more than ever.

A very clear distinction should be made between them and hedge funds, and the economic importance of their expertise should be recognised.

IT IS UP TO MANAGERS (AND THEIR ADVISERS) TO SELECT THE BEST. Because only the best know how to tame or liberate management teams, provide them with opportunities,

and conceive appropriate and prudent financial engineering, without applying too much pressure for short-term profits or interfering in the management. Every manager who plans for the future needs a mirror to reflect his action.

With all due respect to the apostles of family capitalism, which has great merits if the family maintains strong cohesion over time and if the company's need for its expansion can be satisfied by the family circle's financial and management capacity, **FRANCE MUST ALSO RELY ON THE (HUGE) CAPITAL AND (GROWING) EXPERTISE OF PRIVATE EQUITY INVESTORS.**

But the current exclusive tendency of investors hardly corresponds to the economic challenges facing the France of tomorrow

Intellectually insulting sophisms on the theme of employment («companies under an LBO create more jobs than others») aside, the present malaise is probably not due to the primary view of investment funds and their equity stakes in businesses.

Rather, it is probably due to their tendency to look only for certain types of companies (the «20/20/20s», the «gazelles», etc.), to aim at an excessively rapid turnover of their capital and sometimes to excessively limit risk taking by the business owner. The speculative nature of some private equity deals is at present jeopardising the image of a whole profession in the public opinion, exposing it precisely to the risk of being assimilated to the short-termism of hedge funds and their over-leveraged quick flip deals.

Managers of «20/20/20» companies (over 20% growth and 20% operating profit and more than €20 million in revenues) can today find all the money they want to finance the transfer of all or part of their stake via an LBO. The current challenge would therefore be rather to remain reasonable with the valuation so as not to weigh heavily on the company's future by imposing on it an excessive debt burden due to the change in share ownership structure.

Likewise, a great technology will at present have no problems finding buyers among French or foreign investors who will be prepared to pay millions of euros. And the challenge in this case would be to avoid rushing to carry out the development plan and to spend wisely.

OF THE 300,000 FRENCH SMES, 6,000 HAVE INVESTORS OWNING A STAKE. So the market share of private equity is only 2%? Based on investors' current eligibility criteria, it

would be closer to one-third of the market. A certain saturation point has already been reached, because, to invest their copious funds, many investors are forced to target companies held in the portfolios of their colleagues (LBO2, LBO3 or even LBO4).

On the other hand, 90% of traditional French companies, the "Flock", shall we say, are not affected by this private equity frenzy. Many of them miss opportunities, vegetate or disappear, prisoner to blocked share ownership and management situations, for want of means or openness, or because they are positioned in market niches disregarded by «financial fashion».

Here we shall not speak of sharing capital gains with all the companies' employees. It is healthy that capital and labour should remain separate. The current campaigning in favour of employee share ownership in general and for LBOs in particular is a way of not facing up to the core problem outlined in this newsletter. On all parts this reflects an ignorance of SMEs and of the management problems that can result from employees having a stake in the capital. Worse, it is a way of creating a new rift between workers by buying the silence of some of them through a stake in the capital rather than obtaining the support of all through proper industrial relations. When exiting the current LBO, the employees of Vivarte were offered eight times their stake, or three months of wages, and this caused turmoil, frustration and jealousy among executives of the company.

Nor is the aim to oblige financial markets to subsidise economic sectors in a strategic impasse. But the benefits and tax leverage enjoyed by these operators could also be justified by greater involvement in projects to invigorate the economic fabric. And not just to skim off the profits.

The bright side and dark side

On the bright side, the famous gazelles are thriving. **THE BABY-BOOM GENERATION WHICH HAS WORKED HARD SINCE THE SECOND WORLD WAR, AND ESPECIALLY SINCE THE «FRENCH SPRING» OF MAY 1968 IS REACHING THE AGE TO BE REWARDED AND IS LOOKING TO OPTIMISE THE DIVIDENDS OF THESE GLORIOUS SIXTY YEARS.**

On the dark side, some company managers already reached retirement age a long time ago, or are moving closer to it without having a solution for succession. There are others who, having reached a certain age, are no longer even trying to transfer their company. Many are still at the reins of their business for want of alternative solutions and are petrified by the prospect of stopping work. Like it or not, they still take responsibility for the employment of hundreds of thousands of employees. Still others, who are younger and not in the current «champagne» niches, do not dare to invest, obsessed by taxation and paralysed by social security charges and the complexity of all the surrounding formalities.

On the dark side again, the Flock is flagging. Its present need is not only the coming transfer of the capital of tens of thousands of companies each year, but also, and above all, their management succession. In short, the baton must be passed from one generation to another. Faced with this demographic phenomenon, thousands of talented young managers are looking to invest in or take over a company, but they are encouraged by investors to hunt only in the sun, for the 20/20/20, this Gazelle glorified by politicians and the media.

On the dark side, many businesses are also ready to be born or to expand in the heads of French men and women, but can find no "midwife" or partners to simply start up.

THE CURRENT MARKET RESPONSE TO THE CHRONIC LACK OF CAPITAL FOR ALL THESE FRENCH COMPANIES IS UNSATISFACTORY.

Neither research as the sole path to salvation nor the media hype around the Gazelles will by themselves provide answers to the challenges of this real «entrepreneurial rift»: the rift between CAC40 companies and SMEs, and the rift between SMEs themselves.

France Investissement, launched with great ceremony, plans to allocate a new manna of €3 billion to the Gazelles and high-tech start-ups. But if this money is allocated only to top up private funds which are already plentiful and not very willing to share when they identify a good project, it is very likely that the capital will not find suitable investments or will merely serve to further increase the current price inflation for the most attractive companies.

Until a way is found to guide the manna from investors to the Flock, to the cashier's office of all companies and all creators to finance investment, it will not be possible to develop and reinvigorate the French economic fabric. For this reason too, it is essential to profit from the change of generation to instruct young managers, in order to encourage them to take the plunge, to accept the advice of professionals capable of providing them with expertise and long-term capital.

A new awareness...

All this is possible. Like on environmental issues, a new awareness is urgent, and the authorities in France and Europe must take gradual and flexible measures, future-looking and growth-oriented, in consultation with all the stakeholders (employers' organisations, chambers of commerce, Association Française des Investisseurs en Capitaux, etc.).

After saying in the 1970s «we don't have oil but we have ideas», will we say in this new century «now that we have money, we no longer have any ideas»?

To avoid this, let's try to ensure that the excellent Financier does not retire with his Gazelle to consume their capital gains without sharing them and a little of their time with the Flock. Let's try to prevent today's fable from becoming the economic nightmare of our children tomorrow...

Bruno Annequin
Associé Gérant
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