

## Managers' view

EDITORIAL



## MOVING FORWARD, CRISIS OR NO CRISIS

In times of crisis, it is the responsibility of politicians to maintain cohesion and protect the country's interests (its currency and the main budget balances) and a positive dynamic of cooperation. They should be thanked when they are able to decide well and quickly, but also when they are able to «manage». In other words, show the positive side of things, stimulate above all those employed by them and for whom they have direct responsibility: public sector employees. Every day we can see that some of them have not learned the basics of management.

The responsibility of company managers, who are managers by nature and not due to the chance of an election, especially in times of crisis, is to move the country's economy forward by moving their company forward. Those who speak in the following newsletter are doing so, for those who have made a change in share ownership structure, or have done so in the past, for those who have chosen to transfer the ownership of their company. Thanks go to them for doing their part of the job.

Capital & Dirigeants Partenaires thanks them for their confidence, their patience at a time when deals are becoming more complicated and take longer. Thanks also for the great and so very human moments experienced with them.

Bruno Annequin  
Managing Partner

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# Consolidating the development of a pioneering school in Web jobs

L'Ecole Multimédia – RÉMY GALLAND, PASCALE NEVEU

**Can you describe to us the activity of the Ecole Multimédia?**

**Rémy Galland:** The Ecole Multimédia (multimedia school) was founded by Pascale Neveu and I in 1996, when the Internet was just emerging. We were one of the very first training organisations to offer a conversion to new technologies for press and communication personnel. We started up near Beaubourg in Paris. We currently generate more than €2 million in revenues and have trained about 8,000 students and trainees in 16 years. Many of them now hold positions of responsibility in the media sector.

**Pascale Neveu:** Our activity is currently organised around three separate systems and four diplomas:

- Initial higher training for young students whom we prepare for diplomas three and four years after the baccalaureate university entrance certificate ("BAC+3" and "BAC+4" level);
- Work-study schemas, under vocational training contracts, and
- Training for job seekers and employees undergoing occupational conversion.

Our diplomas are as follows: Multimedia Project Manager (level II, BAC+4), Multimedia Graphic Designer (level III, BAC+2), Web Developer (level II, BAC+4) and Journalist/Subeditor (BAC+4).

We also have a continuing vocational training activity for company employees. However, this activity is still embryonic, because it requires larger budgets and an investment capacity that we do not yet have.

**As managers, you faced a difficult period following the dot-com bubble. Could you tell us about this?**

**Rémy Galland:** Like many pioneers of the Internet movement in 2000, we started out too quickly and suffered a setback when the bubble burst after 2000 and until 2004. Encouraged from the outset by the banks, we allowed the organisation to grow too quickly and we had to go into reverse mode urgently. A mistake by our administrative and financial manager in the midst of August left us suddenly without bank facilities, obliged to seek protection from the commercial court. Then, in 2005, I obtained facilities to continue operating, that we will finish repaying soon.

The main difficulty is that from one day to the next you go from managing development plans for your business to managing cash from one month to the next. Then, without capital, cut off from all support from the banks, it's not easy to start out again.

Despite all this, we resumed our growth, regaining our previous level thanks to the expansion of initial training and work-study schemes. The digital revolution, the radical change in communication media and techniques in just a few years, the invasion of new media into the entire

economic and social sphere have created substantial needs for training. We have a promising future before us, now that we have the means to expand.

**Pascale Neveu:** We have always retained the recognition of business circles and companies. This is a key factor, as our students know, and also their parents when they help them. The OPCA organisations financing vocational training and our partnerships with the local authorities ("Conseil Généraux") of Paris and the Paris region are also important.

**What is the nature of the fund raising you carried out with Capital & Dirigeants Partenaires?**

**Rémy Galland:** We considered that it was time for us to obtain the resources needed to achieve our greater ambitions by raising funds. Capital & Dirigeants Partenaires provided us with what we needed to climb another step in terms of investment in recruitment and communication.

**What are your plans now that you have an investor and more funds, and what are your prospects?**

**Pascale Neveu:** It is essential for us to be and stay in close contact with what interests the job market. We have the good fortune to be in promising niches with the expansion of Web media, e-commerce, applications for smartphones and tablets, and video games. Although the competition is growing and becoming more intense, we must not miss out on all the growth available to us in these niches.

The "Association des Designers Interactifs" (interactive designers' society) ranks us number three of the top 10 schools most frequently referred to by professionals. That's real recognition!

Teaching methods are our strength. We are launching an experimental laboratory centred on innovative experiences. Our teachers are experienced professionals, some of whom have an established reputation in specialist circles and in networks active on the Web.

**Rémy Galland:** Our network of client firms, their quality and their renown attest to our reputation in the digital industry.

The school is exceptional by comparison with its competitors in that it has these four accredited diplomas which guarantee the quality of its training.

After being pioneers in this training segment as of 1996, we are still marked by the innovative spirit for which we are renowned.

**L'ECOLE  
MULTI  
MEDIA**

# Buying a complementary company

Custom Solutions – CÉDRIC RÉNY - CHAIRMAN



“ YES, WE ARE LOOKING TO MAKE FURTHER ACQUISITIONS. ”

Three years after taking control of your firm with the support of Capital & Dirigeants Partenaires, you floated on the stock exchange in May 2010. Why?

**Cédric Rény:** As a reminder, I owned 30% of the company before the LBO in 2007, and this operation, largely financed with senior debt, enabled me at the time to own more than 51% of the capital. Three years later, we paid off the senior debt ahead of schedule.

My plan, apart from complying with the commitment made to my historical shareholder to float the business on the stock exchange, was to expand Custom Solutions strongly thanks to the market listing, by giving it greater visibility and the means to make acquisitions.

We have succeeded, since Custom Solutions has grown from €12 million in revenues and €2 million in EBIT to €20 million in revenues and €3 million in EBIT. To date, we have made mainly one significant acquisition: Gecip (€2 million in revenues).

**What do you consider the benefits and drawbacks of this stock exchange listing?**

Some of the company's executives, but also and in many cases a high proportion of certain employees, subscribed to the operation at the time of the IPO. We offered them preferential conditions. This is a factor of unity, even though at present the stock is no longer very liquid in the small caps market. This IPO also obliged us to become organised and reflect on the long-term strategy of the business.

I won't hide the fact that I am rather disappointed by the reception given to external growth opportunities. It would seem that the investment banks managing transactions on SMEs do not watch the small caps market or that the sellers do not see all the benefits they can derive, even in terms of multiples, from an alliance with us by comparison with merger deals with purely financial investors.

You bought Gecip at the end of 2010. Can you tell us your reasons for this and the nature of the deal?

Gecip, a former subsidiary of the DDB communication group, is an experienced player in the field of systems and databases dedicated to customer retention. The business was restructured and refocused on its core customers and expertise, which now account for its success.

**What are your strategic plans for 2012 and after? Do you plan to make other acquisitions, and if so, why?**

In the end, the crisis has had a fairly limited impact on our business. We are expanding strongly in our traditional promotional marketing business, where so called «deferred» offers are becoming more popular with new types of clients. We are also expanding in our logistics operations.

We have launched a new product called «Cartavenue ». This pre-paid card in the colours of the advertiser enables the latter to spread its promotion campaigns over time, developing customer loyalty. In general, customer retention and CRM are strategic growth areas for us.

Yes, we are looking to make further acquisitions. We have a cash pile of more than €10 million and no debt, and that our stock exchange listing enables us to offer interesting prospects to sellers.

We want to grow strongly and for this purpose we are targeting all acquisitions in the marketing, CRM and customer retention segments, both traditional businesses and businesses based on new Web and mobile technologies.



# Four years after an MBI, an LBO for new challenges

Laboratoires Filorga – DIDIER TABARY - PRÉSIDENT



Could you remind us of the context of your takeover in 2006, and of the operation you recently organised on your company, Laboratoires Filorga?

**Didier Tabary:** Following a career in various international groups in the beauty segment, and after searching assiduously for an SME to take over, I bought Laboratoires Filorga via an LBO in 2006, together with two institutional investors and with the assistance of Capital & Dirigeants Partenaires.

The founders had chosen me for the transfer of this business ma-

nufacturing and selling anti-ageing medical products, with revenues of €5 million at that time. It already had mostly good products, but intended mainly for aesthetic medicine professionals.

Five years later, we are approaching €25 million in revenues. The company is increasingly globalised, and increasingly diversified in terms of its customer base and products. In particular, since the takeover we have launched a consumer product range distributed in pharmacies, and by Marionnaud, Monoprix and similar chains. Our products are recognised and our market is global and growing by more than 15% per year.

In early 2010, I wanted to restructure the capital of my company ahead of my investors' liquidity clause, to provide them with an exit in good conditions and increase my stake, which was only 16% initially.

## How did you proceed with this operation?

It was above all a meeting with high-value investors appropriate for this second LBO that made the deal possible. Together we prepared the offer to be presented to my investors in the first LBO. The company's growth and potential meant that I had to make them a high offer. Satisfied, they accepted this and they earned a very fine multiple on their initial stake.

At the same time, I asked Capital & Dirigeants Partenaires, which is expert in such operations, to help me negotiate with my future partners regarding the structuring of the new LBO and my own conditions subsequently. This involved twofold negotiations, and it was not possible for me to act alone facing both my initial investors and my new partners.

The deal was concluded in mid-September 2010. I now own a majority stake in my company and my new partners have invested to allow us to grow the company together towards €100 million in revenues.

What advice would you give to managers of SMEs wanting, like you, to increase their stake in their company?

Always be too transparent rather than not sufficiently transparent with your investors, and build and maintain a good-quality personal relationship with them. These are partners without whom nothing would be possible in the important moments for an SME, such as succession management, tough times, changes in the capital structure, etc.

The manager, for his part, must stay one step ahead in his strategy, plan ahead and definitely spend the necessary time on strategy, especially regarding changes in the capital. Don't allow yourself to be submerged by operational issues!



# A search for the appropriate minority investor

Polyclinique des Alpes du Sud – CHRISTIAN BOYER, JEAN-LOUP CARTIER



In 2011, you carried out a fundraising operation to strengthen the financial capacity of Polyclinique des Alpes du Sud. What were the stages in that operation and the constraints involved?

**Jean-Loup Cartier:** This fundraising plan dates back to 2008. After spending several years setting up in a new building in the inner suburbs of Gap, we felt the need to strengthen our shareholders' equity, weakened by

this expensive investment, the construction project and its financing.

It was then that we met Capital & Dirigeants Partenaires and decided to entrust them with this assignment, due both to their experience of fundraising operations and their knowledge of and contacts in the healthcare establishment sector.

Our facilities were of very high quality, but we also needed a sound balance sheet, especially since we were growing strongly and this growth increased our working capital requirements.

**Christian Boyer:** In the end, financial investors were hesitant to take a stake in our company due to our relative geographic isolation and heavy real estate debt. But we were also, during this process, approached by several national and regional groups in view of a full takeover.

We finally carried out the fundraising operation with a family owning a very fine clinic in Aubagne, the Gautier family, capable of appreciating the value of our medical plans in the region and interested by the quality of our achievements in this area.

It is sufficiently rare to be worth emphasising that they agreed to take a minority stake and allow the doctors to continue to carry out the project. Since then, though, we have shared and exchanged good practices in numerous fields, which is enriching for both of us.

## Tell us about your business

**Christian Boyer:** Our establishment has 110 beds and it generates revenues of more than €11 million. It owns its property. It is the benchmark private operator in Gap and in the whole Hautes Alpes region, and should eventually consolidate a healthcare offer that is still very fragmented in the region.

Our establishment operates in targeted surgical specialties (orthopaedics, urology, otorhinolaryngology, ophthalmology and visceral and vascular surgery) and in medical specialties (cardiology, gastroenterology, neurology). We have also invested in the promising sector of hospitalisation at home, in partnership with the public sector.

What conclusions do you draw from this experience and what advice would you give to other doctors, company managers or other healthcare establishments in your situation?

**Christian Boyer:** The first advice is to plan as far in advance as possible for this type of operation, to avoid finding yourself in the situation of bargaining under the pressure of possible financial constraints.

The second recommendation is to obtain good advice. You need an adviser capable of clearly understanding the functioning of the company, and the objectives and motivations of the shareholders in carrying out the financial operation.

Searching for a financial partner can also be a long-term process, and the partnership with the adviser, i.e. with the people assisting you (Isabelle Lecomte and Bruno Annequin, initially assisted by Julien Dert), must be sufficiently strong that they will not let the client down after the first 12 months without success, or if a technical or temporary problem arises. Otherwise you have to start again with someone else.

The technical knowledge of the adviser is also key in such deals: our share ownership, distributed among about 50 people, consists of three blocks: the doctors working in the establishment, who have invested the most and who take part in governance of the establishment, those who do not take part, and the historical shareholders who are rather remote from the business. In this situation, technical expertise in shareholder pacts, the mechanisms authorised by the legal engineering of such financial arrangements mastered by Capital & Dirigeants Partenaires, enabled us to raise the amount we wanted (€2.3 million), while offering our new partner the share of the capital that he wanted, and maintaining our medical dynamic and control of the establishment by the first block of shareholder doctors.

## What are your plans?

**Christian Boyer :** We must continue to invest in our areas of competence so as to fully cover the field of specialties represented in our establishment. The inhabitants of our healthcare territory must have a healthcare offering of the same quality as that provided in larger cities. A scanner will be installed at the Polyclinique in the coming months. The development of hospitalisation at home will also continue, with plans to create a cooperative health group jointly with the public hospitals in the department.

# Two transfers of family-owned businesses

**Creilloise de Panification – ANNE THIERRY, CATHERINE THIERRY**

**Can you describe to us the history of your businesses?**

**Catherine Thierry:** Anne and I each took over a business founded by our father, who was a baker in Senlis, on his death. She took over a business in Antibes covering the French Riviera, while I took over the business in Senlis covering Paris and the Paris region. We were aged about 30.

These businesses, which were flourishing in the 1970s, had suffered from low-cost competition from frozen white bread throughout the 1970s and 80s, especially for institutional and corporate catering. We also had stores. In the early 1990s, we had to make strategic choices.

The task was to completely reposition the two businesses in quality products, intended notably for a demanding customer base of upmarket hotels and restaurants. We deliberately chose to abandon the volume markets to the big frozen food operators and we focused on the high end of the market, i.e. ultra-fresh products, delivered directly by us to customers, possibly up to four times a day, with a very high level of service and customisation.

This worked well, since it responded to the trend to return to quality products, especially good bread. We hope this will continue, but quality is an everyday struggle. Baking is a difficult job, but the best bakers have the opportunity to earn a good living.

**Why did you entrust this assignment to Capital & Dirigeants Partenaires and how did it take place?**

**Anne Thierry:** Our businesses were independent on both the operational and capital ownership levels. My sister had worked with Bruno Annequin in her business in Paris, SPM – Boulangerie Thierry, as part of a two-stage business transfer deal arranged in 2005. It was he who recommended the final sale of SPM in 2009. She naturally recommended me to call on him for the transfer of my own company in 2011.

In the end, the assignment went well, although it required extensive analysis and explanatory work since, even though our very high-quality positioning protected us, the crisis underway led to some questioning by the candidates.

**What did you find most difficult in this transfer?**

**Anne Thierry:** The hardest thing for someone managing a business day by day is waiting. Once the decision has been taken to transfer the business, it is complicated working in two directions for too long: developing and selling. That is why these corporate disposal processes should be as short as possible.

**Catherine Thierry:** For non-specialists, the phase of negotiating the legal documents is difficult. That is why the adviser must have a good knowledge of the legal implications of this type of deal, and the lawyer must have a good knowledge of the financial issues and the background of the negotiations before drawing up the transfer deeds.



# The emergence of a leading French player

Finance Active – PATRICE CHATARD, JACQUES DESCOURTIEUX



Can you outline to us the history and present operations of Finance Active?

**Patrice Chatard:** We founded this company in 2000, based on the recognition that our customers needed a tool to help them monitor and consolidate their financial positions in real time. We initially created a first tool on debt (Insito), and then an exchange rate tool (Fx'ent). We now also have a tool in the area of investments (Profolio) and a forward financial planning tool (Inviso).

Although our leading client is a large private group, our clients were initially large public accounts: local authorities, hospitals, etc. Since then, we have expanded our services for groups and businesses, especially for international operations. Our current revenues are €12 million and we have more than 100 employees.

What was your share ownership structure before the operation carried out in 2011?

**Jacques Descourtieux:** We had raised funds in two stages between 2000 and 2001 by the customary processes: first from close associates, business angels and friends and family. This first fundraising amounted to €250,000. That enabled us to get started. After launching our products and achieving our first commercial successes, we carried out a second fundraising for more than €1 million. In 2001, we were in the midst of the bursting of the dot-com bubble, and at that time so-called "ASP" models were less popular. We had a hard time, but this was a new era and a particular moment in the cycle.

Patrice and I have always wanted to stay owners of the company. Our initial investors had held their stakes for nine years, and we felt we owed it to them to offer them a fine exit. Nine years is an exceptionally long time in the SME investment sector, but their patience was rewarded

What assignment did you entrust to Capital & Dirigeants Partenaires?

**Jacques Descourtieux:** We asked CDP to support us in the strategy and our upstream thinking, and then in organising the financial arrangements and our discussions. CDP managed to help us organise a worthwhile solution for everyone, and especially for the company since this operation does not change our quiet, regular progress in our expansion plans to serve our customers.

What are the prospects for Finance Active in the coming years?

**Patrice Chatard:** To keep on serving its customers, especially in an environment that has become more complex. And to expand the product offering, our product being very affordable compared with the gain obtained by customers in visibility alone. Our business requires that we structurally invest 20% of our revenues in research and development, and that we invest even more in teams of high-quality consultants capable of answering clients' questions.

“ CDP MANAGED TO HELP US ORGANISE A WORTHWHILE SOLUTION FOR EVERYONE, AND ESPECIALLY FOR THE COMPANY SINCE THIS OPERATION DOES NOT CHANGE OUR QUIET, REGULAR PROGRESS IN OUR EXPANSION PLANS TO SERVE OUR CUSTOMERS ”







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