**Case study: *Managing Change at Composants Perfectionnés***

***The scenario***

Composants Perfectionnés, as it will be referred to here,

is a French car components manufacturing company with two plants in France and additional plants in Spain and the UK. The company has always focused on making a good return on investments and growing shareholder value and has pursued this goal by giving priority to product innovation, investment in new technology and developing the capability of its staff.

Over recent years, Composants Perfectionnés has managed to maintain the competitive position of its four manufacturing facilities in the face of growing competition from companies manufacturing in low-cost countries. However, the recent economic downturn has had a big impact on demand and the company is struggling to survive. The executive board has recognized the need for urgent change. It has formulated a new strategy that focuses on cutting costs as quickly as possible and to this end it has decided to stop producing some components and to concentrate the production of other components at fewer sites in order to benefit from economies of scale. This decision is still to be announced. Only a few very senior managers are aware of the new strategy.

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The new strategy will involve expanding production at the company’s main site at Blois in France. Production is to be expanded here because Blois has the most advanced manufacturing technology and the site is not yet working to capacity. It is anticipated that increasing production at Blois will lead to economies of scale and a significant reduction in costs.

The UK plant has been selected for closure because of its outdated manufacturing technology. Workers at the Didcot (UK) site will be shocked when this decision is announced because they have been led to expect a massive new investment in their manufacturing facilities. The closure will lead to large scale redundancies and there will be few opportunities for staff to be redeployed to other plants in France and Spain.

The one exception is the team of product development engineers based at Didcot. The executive board recognizes that this team is a valuable asset because the pace and quality of product development has been an important factor contributing to the company’s pre-recession success. Product development has been concentrated at Didcot because the area is an international centre for auto product development. Many other companies (including many Formula One racing teams) are located nearby and this has led to the development of a world-class pool of product engineering talent in the area.

It is possible that many of the product development engineers based at Didcot will be reluctant to relocate. However, at least in the short term, alternative employment opportunities in the Didcot area will be in short supply.

Employees at the other two sites in Spain and France are likely to be worried that this may only be the first of many changes and that it will not be long before they will be affected.

The executive board of Composants Perfectionnés has asked a consultant to review their strategy and recommend how they should proceed. If you were the consultant what advice would you provide?