



# **SULZER in France**

**Best in France Case Study**

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# Overview

- **Outline about the Company**
- **Location**
- **Benefits in France**
- **Constraints in France**
- **Culture and Value**
- **Advice**



# The Sulzer Pompes France

- **Sulzer Pumps combines more than 135 years of experience in pump development and manufacturing.**
- **In 1918 it came to France, from the military need of French Navy.**



# Company products

- **It supplies engineering pumps**
  - focus on the power generation / oil & gas production markets
- **One of the largest pump test beds in Europe**
- **Makers of the world's largest multiphase pumps**



# Key Figures

## Sulzer Pumps Worldwide 2003

(in million CHF)

<b>Orders received</b>	<b>951</b>
<b>Sales</b>	<b>870</b>
<b>EBITA</b>	<b>25</b>
<b>Expenditure on R&amp;D</b>	<b>12</b>
<b>Capital Expenditure</b>	<b>17</b>
<b>Employees</b>	<b>4492</b>



# Company's clients

- **Customers: Major French companies such as Total, Alstom, and EDF**
- **Extensive experience in supplying high energy boiler feed pumps to the world's major power contractors**
- **Presence and proximity to the clients are the key factors**



# Location 1 :

## Why it went to France

- **French government request after World War I for high quality diesel manufacturer**
  - Sulzer no longer makes diesel engines
- **French engineering system and cultures help company's ability to satisfy client demands.**



## **Location 2 : Ile de France**

- **In order to interact and meet the customers' need more efficiently,**
- **It choose Ile de France (50km north-west of Paris) for its factory site.**
- **In the technical market, the location which is close to the customers is the most important factor, when the client wants an answer quickly**



# Constraints in France

- **Social Regulation?**
  - Works within the system and has even managed to re-structure (30% of workforce made redundant).
- **Strong union?**
  - since 1968 there has not been real conflict.
  - Sulzer France has kept a good relationship with unions.



# Constraints in France

- **High taxation?**
  - France has a very strong taxation which makes that the production is made abroad. Some products have to be made in France (the biggest clients are here and they want a producer that is closer) and this is the reason that some products are bought in and assembled in France.
  - The majority of manufacturing products are made out of France.



# Key Constraints

- **Sulzer France is perfectly localised. As a result, there are no communication constraints or integration problems.**
- **Product is expensive because of technologies.**
  - **it faces strong competitors from Germany, Scotland and the USA.**



# Key Constraints

- **French market is small.**
  - Sulzer France is a small entity among the subsidiaries, it is strategically important once big clients are French, and the decision to buy machinery to foreign market (where those companies have affiliates) is taken in Paris.
  - Now it focus on the exports but working with French companies (eg Alstom)



# Adaptation to France

- **Budgets are controlled by HQ but Decisions are made locally**
- **Employees with high skills are rewarded**
  - salaries, promotions, special compensation
- **It left the water segment business in France.**



# Adaptation to France

- **Motivation program & Incentive**
  - Keeping the young & new people
  - 22 days additional paid holidays (part of the 35 hour week deal)
- **Six month early retirement system**



# Key Benefit Numbers

- **What are the key benefits of being in France?**
  - **Product quality (defect rate, product cost, productivity, design, customer image, etc.)**
    - good relationship and image with major French clients
    - important to retain design capability in France
    - ability to provide information in French
  - **Revenue/profit**
    - revenue of €160k per employee



# Key Benefit Numbers

- **What are the key benefits of being in France?**
  - **Location benefits**
    - rapid responses from locations (Paris and Marseilles)
    - close geographically to major clients
  - **Government assistance**
    - indirect support to Alstom has helped Sulzer
  - **Market Potential**
    - mature business moving to service provision in France



# Company values

- **Mission** “Our company goal is to create value by utilising our engineering know-how in selected industrial markets”
- **Customer Dedication** “We make our customers more competitive”
- **Performance** “We meet high standards”
- **Financial success** “We deliver financial value”



# Company Culture

- **Sulzer France with more than 80 years now is totally localized.**
  - no expatriate managers.
- **French cultures dominate the company but it keeps the Swiss-based mother company's core values within the organization.**
  - For example, CEOs of the subsidiaries have an annual meeting for setting the guidelines to recruiting the high-level managers in the headquarters.
- **Some parts of the company have an English basis - this is resented in France**



# Essential Advice

- **What advice do you offer to other companies in this sector concerning about France as a location?**
  - **Before going to France**
    - if you want to set up in France you need to become “French”
    - this is more than just speaking French, but this helps
    - Hire a great tax expert in order to avoid taxation.
    - Labour cost and benefices are high. Is it important to produce here? It is important to have offices here, but not the main ones.



# Essential Advice

- **What advice do you offer to other companies in this sector concerning about France as a location?**
  - **Adaptation while in France**
    - collaborate with French companies
  - **Future investments in France**
    - continue in the service business in France



# We Thank

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# Bibliography

- **References**
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  - **Sulzer Annual report 2004**



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