



Overview of the F. Services case study

PN, 14.11.06

- ✓ F. Services develops and markets global solutions for IT and information systems for company clients. This is a business activity that is faced with fundamental changes in market demand: companies are looking for global solutions and are putting strong pressure on the price of services. The sector, in which major players operate such as IBM and HP but also consultancy firms such as ATOS or ACCENTURE, is also characterised by a move of the industry to Southeast Asia and in particular India, where multinational companies are developing their operations. There is no question that these changes are taking place through the use of internet. The industry's players are organised on a business line model, which distinguishes between sales activities and production activities both managed from a global point of view. This typically Anglo Saxon development leads to a very centralised and "top-down" management.
- ✓ F. Services (FS) belongs to the Japanese technologies giant F., which employs 158,000 employees throughout the world. In Europe, FS has progressively developed by the incorporation of the British group ICL, which confers a strong influence of the United Kingdom on the overall management. In the Netherlands, FS is located at Maarsse and develops client support activities (help desk: production part), which employs a rather young workforce, while older employees are more likely to work in more general activities. Labour relations in the company until the reorganisation had been characterised by a strong Dutch culture, based on a cooperative framework between the company works council and local management (see participation in management bodies). Organisational changes linked to the business line model considerably upset existing labour relations.
- ✓ The restructuring programme considered here consists of changes to the organisation to improve the company's position as a supplier of global solutions to FS's European clients. FS's target is also to develop its presence in Europe and to successfully achieve changes to obtain a more efficient organisation. The implementation of the business line model is a key element to the suggested changes to the organisation, which sits awkwardly with the cooperative approach that is traditional for the governance of Dutch companies. In fact, the operation consists of a transition of an organisation built on a national model to one of global dimensions.
- ✓ Concretely, the reorganisation takes the form of the setting up of a homogeneous company called "Solutions globales" (SG). The implementation of the business line model was admittedly put forward as of January 2004, with information-consultation of the works council, but the procedures' time limits were significantly shortened: 4 weeks, whereas the usual time limits are from 6 to 13 weeks. Furthermore, the European works council was not formally informed and consulted. It is the management itself of the Dutch company that is the most impacted by the operation. In fact, it loses most of its prerogatives. The reorganisation gives rise to large numbers of internal reassignments.