

IN JUST A FEW YEARS, CHRISTOPHER GUÉRIN HAS engineered a remarkable turnaround for the 120-year-old Paris-based company Nexans, a global leader in the energy and telecommunications cables and systems industry. When he took over in 2018, the business was in serious trouble. By simplifying both its product offerings and the company's organization—cutting 17,000 clients by more than two-thirds while refocusing on sustainability as a top priority—he quickly reestablished it as a profitable leader in the space and positioned it as an important player in the greening of the world's electric grids.

Guérin is also the author of the 2023 book *Pour aller dans le bons sens* (soon to be published in English as *Finding Our Way Again*) in which he explains

One of your first decisions as CEO was to launch a strategic plan called “Simplify to amplify,” which reduced the number of clients served by Nexans by over two-thirds. What drew you to this radical approach?

At that time, the firm was undergoing one of the biggest crises of its 120-year history. The share price had plummeted to historical lows, investors and commentators were starting to speculate on a potential takeover of the company. Whatever I wanted to do, it had to produce quick and visible results to save the firm. I decided to shift our focus from topline growth to cash generation. Quickly, a path to a “no growth” model emerged built on a language that stakeholders understood.

I tried to understand where and how we had failed and I discovered that the KPIs [key performance indicators] on which we were relying on to make decisions hadn't been challenged in 10 years! I realized that there was a hidden cost hindering our

Christopher GUÉRIN

his vision and his commitment to the energy transition. He also shares his responsible management model, what he calls the E3—Economic, Environment, Engagement. The beauty of the E3 model is that it removes the silos within the company's operations: Each of the three categories requires and feeds into the others, with a focus on environment underpinning financial value driving its economic strategy. Under engagement, the company emphasizes the importance of the well-being of its 28,000 employees, as well as its social responsibility to the communities in which it operates.

His approach confounded expectations of financial analysts and formed a working critique of commonly held beliefs not only about growth but around the current standard expectations for ESG.

We spoke with Guérin about his strategy, the current green energy landscape and his skeptical view of ESG metrics. He views Nexans' success as a roadmap for other corporations, in and out of the energy supply sector.

The CEO of the global energy cable supplier Nexans sees his “no-growth” strategy emphasizing profit, people and environment as a model. He talks to Brunswick's GUILLAUME MAUJEAN and BENOIT GRANGE.

performances—I called it the “complexity cost,” that originated from the ever-increasing number of clients and products.

This led us to classify our clients into three different categories: platinum, gold and silver. Then we focused on our core products and also included social and environmental criteria. This strategy provided us with tremendous results. By reducing the number of our clients, our return on capital increased from negative 10% to positive 30% in less than a year!

The pandemic, as tragic and difficult as it was, allowed us the opportunity to accelerate this densification of our activity around only one-third of our original clients, the platinum ones. It had an impressive impact on our business. While radically diminishing the complexity of our business and the number of our clients from 17,000 to 4,000, we kept the same turnover.

After reducing complexity at the operational level, we reduced complexity in our organization. The





Nexans has expanded its contracts around the world, linking grids to green energy sources, such as wind turbines.

“Simplify to amplify” plan also consisted of keeping the activities in which we are pure players, selling some of our assets to focus solely on electrification.

How did you manage to convince your teams to follow and believe in your strategy?

This was a major point, and we worked a lot on change management. I had a vision that I was carrying with a lot of conviction—and the legitimacy behind me of a solid operational experience in the manufacturing industry. Thanks to that background, I was trusted by my teams. Our strategy delivered good results relatively quickly, so it wasn’t challenged much after its launch.

We also stopped incentivizing people on volume and revenue growth, but rather on key financial performance. It helped us to get positive results very fast.

Financial analysts and investors, on the other hand, had a hard time trying to understand the logic behind the transformation. They struggled to understand how it was possible to deliver such profits without growth and heavy restructuring. They just couldn’t believe it!

How does the E3 inform employee engagement?

We must above all rethink the company’s narrative over a long period of time and in such a way that it

“This rush, this third revolution, is increasing the pressure on raw materials resources and on the grid.”

affects every level of the company and employee. The holistic, transparent, pragmatic and visionary management that E3 provides is a good frame for that discussion. We are working with 10 external sociologists to make sure that the benefits of our approach are felt all over the company.

Is your in-house model scalable to other firms?

I am convinced that our model is scalable. It is built on the fact that resources are limited and that they will fulfill a certain number of clients through a precise product catalog. It’s all about optimization, common sense and an analytical approach.

This performance model, the E3, works particularly well with all capital-goods-intensive businesses. It might be more complicated to implement the E3 model in the automobile and aviation industries. Focusing on already existing clients and thinking about how we can do cross-selling while optimizing our resources can increase the value of activities.

You sound rather critical about ESG labels and KPIs. In your opinion, what should be done in terms of environmental regulation?

There are too many ESG labels and criteria, and let’s be honest: They go out of fashion in a blink; it seems you never have the right one.

Current ESG metrics are paradoxical: They emphasize growth on the one hand and environmental protection on the other. However, these objectives are contradictory—officials should trust leaders who are well aware of their responsibility in leading the energy transition.

Regulators shouldn't be obsessed by metrics, because they don't provide a global picture of complex subjects. Climate change is a systemic issue that can't be reduced to fragmented metrics.

What is your vision on the future of electrification?

We are entering the third electrical infrastructure revolution. Over the last century, the manufacturing industry witnessed two major cycles of investment in the electricity grid. Mature countries had completed their grids in the 1950s and emerging countries started establishing their infrastructure in the 1970s.

Today, we are starting a third historical cycle, with mature and emerging countries together updating their grids for three main reasons: Telecom

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expansion amplified the need for electricity; decarbonization is more and more urgent; and former grids need to be refurbished. Over the next 20 years, this will require global investment of an estimated €23 trillion (\$24.67 trillion). This rush, this third revolution, is increasing the pressure on raw materials resources and on the grid.

Electricity production is set to rise dramatically. What is Nexans' strategy?

Nexans is taking advantage of the shift from fossil fuel energies to renewable energies, and the renewal of the electrical grid. In the US, while most Americans understand the need for more wind and solar power, very few are discussing a critical component in our clean energy transition: We have less than 10 years to make sure America's antiquated power grid can handle the shift to renewables. For instance, we will work with New York state until 2027 to help them be powered with 100% green energy sources. Nexans is connecting the state to the wind farms located in the Atlantic Ocean.

The US as a whole is directing its infrastructure spending to renewable energies. Thanks to the IRA, many deals with European firms are being signed. We've learned a lot from the strategy of the UK. They build wind turbines 100 kilometers away from the coast to take advantage of the strong winds. The future of electrification may look like this.

What is your vision for leadership in this time of perma-crises?

To navigate this future, it is becoming a necessity to make our priorities converge, to root out old instincts, rediscover a business model that is based on a cause greater than its direct mission alone, to develop a new consciousness, a new holistic and systemic mode of management.

This means no longer thinking in terms of competitiveness, but in terms of ecosystem and territorial anchorage. No longer thinking volume growth, but rather regenerative growth through the value and reuse of waste. No longer thinking productivity, but rather agility, vitality and systemics.

The company of tomorrow needs to shift in a world where the economy, the environment and commitment converge for the common good. This new narrative is the very essence of collective engagement—a new model of performance that combines those three components in a systemic way, and around a long-term corporate strategy. ♦

Brunswick Partner **GUILLAUME MAUJEAN** is Head of the Paris Office where **BENOIT GRANGE** is also a Partner.

A SCALABLE MODEL

Nexans' operational model can be imagined as a wheel within a wheel, with the three focuses of activity, Environment, Economic and Engagement, each implying impacts that influence all other areas.

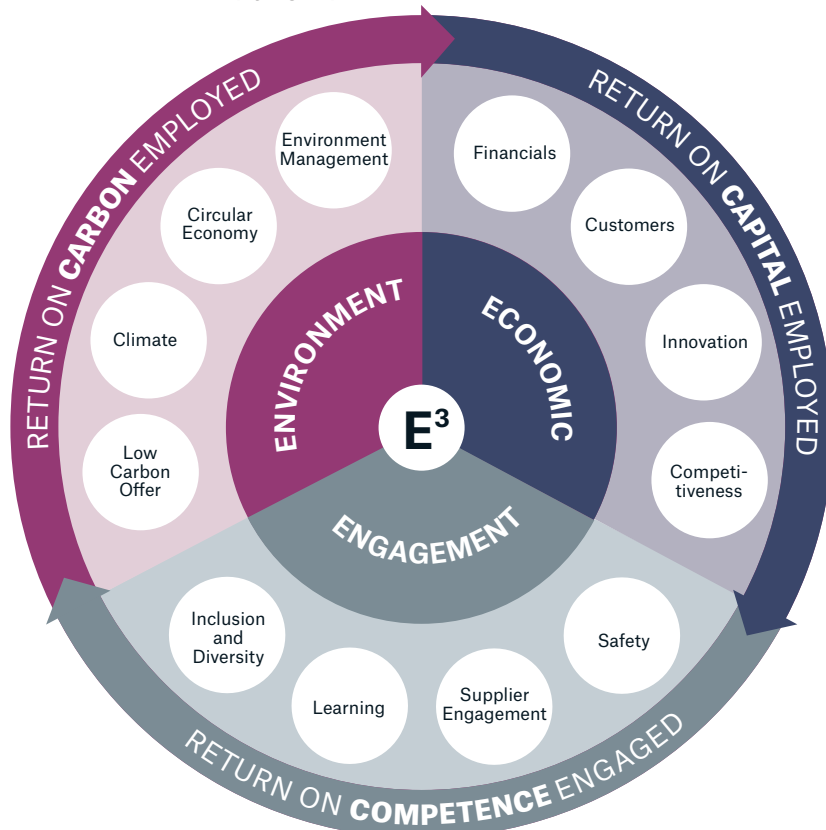


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