

Alcan

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Canadian operations Alcan is the world's number two producer of aluminum. Alcan was born when Alcoa split into two parts to separate its U.S. activities from its international activities. This split was imposed by the U.S. antitrust regulations. Alcan represents all the international activities of the old Alcoa group. It integrated vertically upstream with mining and extraction, as well as downstream with the production of a number of aluminum consumer products. It even owns hydroelectric production units, since energy accounts for one-third of the cost of producing aluminum.

French activities Alcan has been in France since 1912, when it originally exploited a bauxite mine. It also transformed aluminum ingot into powder used for rocket propellant and raw material for metallic paint. In 1959, it started to produce aluminum beams destined for the transportation and construction industry. Alcan became the strongest competitor to the local group P  chiney, in soft alloy extrusion. In 1978, Alcan bought a large distributor of aluminum building products, Technal. The mine has recently been exhausted and the extrusion presses sold to a European competitor. The building material design, fabrication and distribution activities are now the main core of Alcan's business in France.

Alcan's strategy is to concentrate on this market niche and secure a large market share. It already has a significant share of the market for aluminum construction systems in Europe and thus is placed number three. Technal, although based in France, works in nine European countries, with an emphasis in southern Europe because Technal was based in Toulouse. Its markets are residential as well as institutional. It employs 1,800 people.

Lessons to be drawn **Best service to clients means owning the operation in each country, but using local managers.** One way to obtain a higher market share is promoting a spirit of service to the client inside the company. This has two consequences.

- Alcan believes that clients are best served in each country by local people who speak the same language. Hence, Alcan has an overall policy to use a local management team in every country in which it operates.
- As much as possible, Alcan tries to set up its own operation rather than use agents. Experience has taught Alcan that agents will never serve the client as readily unless they are directly interested. Also, most agents have a number of product lines to promote, sometimes their own, and at some point a conflict of interest occurs. This is also the case for strategic alliances. In the end, the sense of responsibility is never as strong as when one's name is linked to a product.