

**Canadian-French exchanges multiplied by a 'networking' communication structure within the organization.** Exchanges with Canada are at two levels.

- The group reporting structure was considerably flattened in 1988 when there was an obligation to reduce overheads. Instead of the previous structure, which had a hierarchy layered with a staff office in Paris and a subsequent European office in Geneva reporting to Canada, the present reporting system has been completely decentralized and is best described as a *maillage* or networking. Anyone in the group can contact anyone else for advice and cooperation. There is no need to go through head office. Contacts among managers are fostered by regular gatherings at chief executive officer, senior and intermediate management levels. Horizontal networking has replaced layers of hierarchy and is encouraging internal management groups and a senior management group to be set up. For example, the French subsidiary has organized a seminar in Carcassonne for the group on aluminum product development. Most of the exchanges stem from personal initiatives and concern technical or personnel matters.
- Following this decentralization, the financial reporting is also directly filed with head office in Montreal. When approval has been given for the strategy and yearly budgets, total operational autonomy is given to the subsidiaries.

**Face-to-face meetings are important.** Real exchanges of staff were difficult to implement. French staff demanded that their job be kept for them in France and Alcan found that this was too difficult to manage. Canadian expatriates are expensive and their qualifications did not always meet the local needs. But seminars among peers or around a theme are deemed extremely valuable for building relationships in the group.

In dealing with transatlantic relations, Alcan managers do not hesitate to board a plane to discuss difficult subjects.

**Short-term financial management must be balanced with long-term returns.** A major difference in management philosophy between France and Canada (or North America) is the emphasis on financial data. The French tend to find North American financial reporting heavy and often focusing on short-term returns to the detriment of long-term considerations. Alcan's worldwide target is a higher-than-average return for raw material groups. However, French management recognizes that the data demanded by the North American parent can also be useful to help local management decisions. Generally, it is not a problem running two parallel financial accounting systems to comply with French rules and Canadian rules.

**Tighter financial controls were gradually phased in.** When new companies are acquired, Alcan phases in its accounting system gradually to be homogeneous with the group's accounting system. This gradual introduction of the group's financial reporting is done to protect sensitivities at the acquired company. The French base has strong computer skills and will help to adapt the systems.