

Cap Compétences: collective management of the risk of redundancy within an “extended enterprise”

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Executive summary

Cap Compétences project was implemented in the context of strong cyclical fluctuations in the French shipbuilding sector. Given the order book of the shipyards at the end of 2003, les Chantiers de l’Atlantique can anticipate a drastic reduction of its volume of work in the two years to come. However, the company also knows that once these difficulties are over, the activity should go back to its former levels. This is where the rub is: how does one manage the situation of the coming insufficient but temporary workload without damaging the production potential as well as the competence pool of the shipbuilding industry in the Saint-Nazaire area?

In fact, the problem is not just the immediate future of the shipyard but also that of its numerous subcontractors. This is a strategic issue since subcontractors generate 75% of the added value of manufactured vessels.

Responding to these challenges, the stakeholders of the Saint-Nazaire area set up and implement an ambitious programme of assistance to the sector that addresses the issue in terms of “extended enterprise”, i.e. les Chantiers de l’Atlantique and its subcontractors. The programme has two complementary components. The first one is a vast training programme whose objective is to save jobs, avoid partial unemployment whilst using the free time resulting from insufficient workload in order to upskill workers. The second component is to implement programmes targeting subcontracting SME to improve their internal performance and bolster their activity, by means of diversification and innovation, conquest of new markets etc., with the main goal to enhance *in fine* their resistance capacity to fluctuations, intrinsic in the shipbuilding sector.

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Monitoring Innovative Restructuring in Europe



UNIVERSITÉ EUROPÉENNE DU TRAVAIL

Sous la conduite de
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Cap Compétences: joint management of the risk of excess staff in the context of an enlarged enterprise

Study carried out on behalf of the UET

by Pierre Garaudel (GREGOR, IAE de Paris), Maxime Petrovski (UET) and Géraldine Schmidt (GREGOR, IAE de Paris)

The Cap Compétences operation presented and analysed in this case study is in many ways unique. To demonstrate this, it is appropriate to compare it with the “classic” configuration of restructuring in which an organisation (business, public sector department, etc.) with clearly defined boundaries is in a situation where it has to implement organisational responses to a proven or latent situation of excess staff. The Cap Compétences operation is also a response to a situation of excess staff, but it is a problem of anticipated overstaffing and above all a problem which is forecast to be both large-scale and transitory.

This entire ambitious operation is presented here. The context and origins of the project are described first of all. The various dimensions of the programme are then examined. An overall assessment of its implementation and results is then offered.

I. The joint mobilisation of regional actors to cope with cyclical lows in the shipbuilding industry

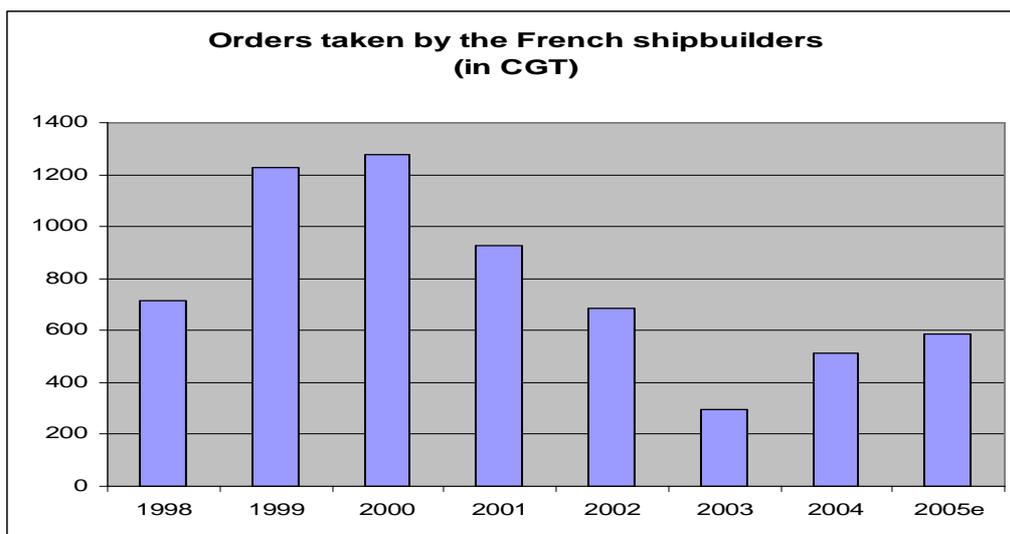
1.1. The shipbuilding industry: a highly cyclical sector

The shipbuilding industry is a highly cyclical sector. Its cycles are complex and influenced by several factors. Fluctuations in activity are fundamentally connected with cycles which could be described as “commercial”, in the sense that they depend on the market demand for ships. The principal customers of shipyards are transport and cruise companies which anticipate growth in maritime traffic and appear to be subject to mimetic behaviour. These cycles are generally quite long, lasting between 6 and 8 years.

Furthermore, the cyclic nature of the sector is amplified by increasing specialisation of shipyards as a result of increasingly tough international competition. This specialisation significantly reduces the capacity of companies to adapt to other shipbuilding market segments to offset fluctuations in demand for certain types of ships and thereby engenders a far greater exposure to cyclical phenomena.

Finally, the specific production process of the shipbuilding industry also generates cycles. In one sense, we could speak of a short cycle within a long one. The time between the negotiation of a contract and the delivery of a finished product can take up to 3 years. These cycles form a major constraint (notably in terms of workload for certain categories of personnel), but also present the advantage of being able to anticipate the level of activity in shipyards for periods of up to 3 years.

The graph below presents the evolution of order books in French shipyards between 1998 and 2005. We can see a peak in 2000 followed by an extremely sharp decline which lasted until 2004. The average length of a production cycle of 25-27 months also makes it possible to predict that French shipyards are going to experience a major reduction in activity between 2004 and 2006.



Source: CESA, 2005

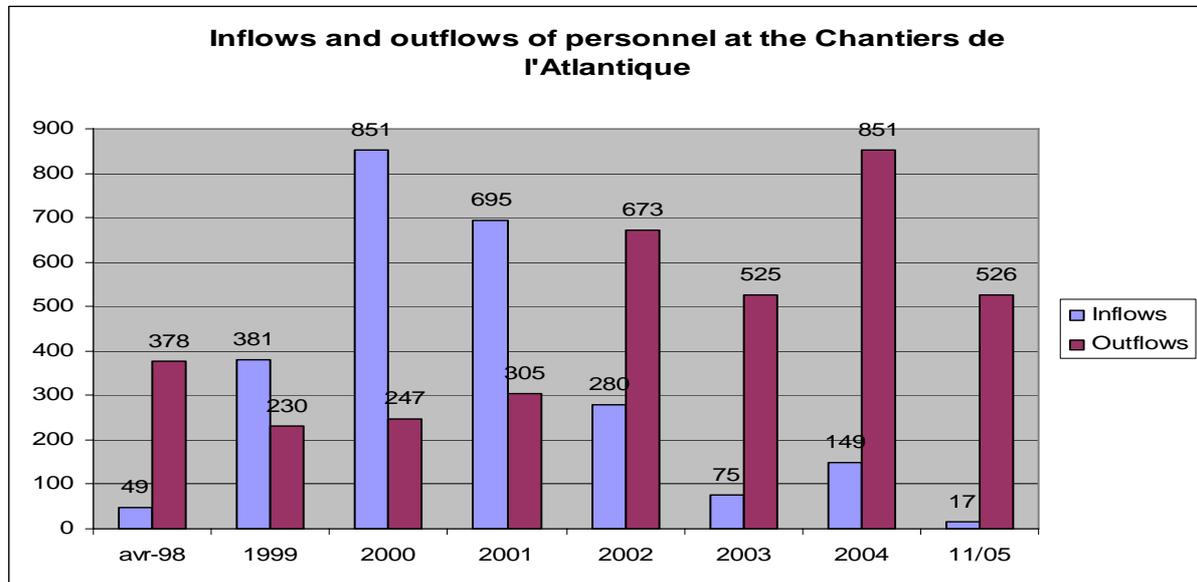
1.2. The Chantiers de l'Atlantique in Saint-Nazaire: cyclic activity and the development of specific HR tools

Clearly the cyclical nature of the shipbuilding industry is not a recent discovery. Managers at the Chantiers de l'Atlantique, the main employer in the Saint-Nazaire employment area, have been developing specific HR tools for several decades, in order to deal with the cyclical downturns in activity. This human resources management appears to combine strategic and operational, routine and new elements and be based on genuine prospective management of jobs and skills. The problem is always the same: how to reduce the number of employees during periods of inactivity, whilst avoiding as far as possible endangering the company's know-how and major social conflicts which reducing personnel is likely to generate? Likewise, how can an appropriate response be ensured when activity is in all likelihood going to resume a few years later?

If the issue is always the same, the context can differ significantly: certain options emerge, others disappear in accordance with legislative changes, management tools available to the company, changes in demand and the nature of products to be manufactured, etc.

The management of the number of employees during the last cycle

In order to fully appreciate the adjustments in personnel which took place at Chantiers de l'Atlantique during the last cycle, we have to look at the changes in recruitments and departures between 1998 and 2005 as shown in the company's illustrated social report.



Source: *Bilan Social Illustré des Chantiers de l'Atlantique, 2005*

We can see that the number of recruitments is significantly higher than that of departures between 1999 and 2001, whereas the situation drastically reversed between 2002 and 2005. In order to be more precise, the Chantiers de l'Atlantique recruited massively between 1999 and 2001 (1,927 recruited compared with 782 departures) and reduced their workforce even more dramatically between 2002 and 2005 (2,575 departures compared with 521 recruitments). We should note that this impressive reduction in the workforce was conducted without establishing a PSE (employment safeguard plan) as the departures were mainly managed through recourse to so-called "Asbestos" early retirements¹ and to a lesser extent, voluntary departures and retirements.

Outflows of personnel at the Chantiers de l'Atlantique between 2002 and 2004

	<i>Asbestos Early Retirements</i>	<i>Retirements</i>	<i>Turnover</i>	Total
2002	465	92	116	673
2003	318	95	112	525
2004	642	99	110	851
Total	1425	286	338	2049

Source : *Bilan social illustré des Chantiers de l'Atlantique, 2005.*

¹ As a reminder, this involves the 'Allocation de cessation anticipée d'activité des travailleurs de l'amiante' (Benefit for the early termination of activity of asbestos workers - ACAATA), created by the Act of 23rd December 1998. The allocation is equivalent to 65% of the previous gross salary, calculated as an average over the past twelve months. It is financed by the Professional Accident and Health Insurance "AT-MP" sector of Social Security, consisting of a mutual fund of AT-MP contributions from companies. According to the Management, the Chantiers de l'Atlantique contributed 2 million euros to the financing of this mechanism over the years 2005 and 2006.

However, cyclical management using “Asbestos” early retirements (with the State’s consent²) results in an almost complete renewal of the age pyramid in the company and created very large training requirements. The Chantiers de l’Atlantique consequently has to envisage an extensive training and know-how transmission programme for the benefit of their new employees. Beyond these strategic considerations, the training of personnel also makes it possible to avoid short-time work, or even potentially a PSE.

A wealth of experience in the field

This is especially appropriate, as the company has a wealth of experience in the use of training to strengthen employees’ skills and limit the social impact of economic change. This idea emerged in the 1980s and was implemented in 1990 when negotiations between the Management and the works council at Chantiers de l’Atlantique resulted in the introduction of an Exceptional Training Plan (the PEF) aimed at reinforcing and developing employees’ skills.

This mechanism was introduced in a specific context which certain actors would not hesitate to describe as a “change of business”. It was precisely during the 1990s that the Chantiers de l’Atlantique, harassed by competition from Asia, decided to specialise in the production of high value added ships, for the most part cruise ships.

This change involved a significant evolution in skills requirements within the company. As the secretary of the Chantiers de l’Atlantique works council summed up the situation:

On an oil tanker, there are twenty-five cabins and on a cruise ship, there are two thousand. The lads who had been trained as welders and worked on metal hulls suddenly became redundant.... What can be done to employ the same number of people at work after such a turnaround? This is where the issue of flexibility comes in to avoid redundancies. And how do you make people with 30 years or more seniority more flexible, without undertaking massive retraining or by conducting it with a minimum of skill? We requested the introduction of an Exceptional Training Plan to deal with this problem of reduced activity on the one hand with the idea of doing certain work in-house which had previously been subcontracted on the other.

At the time, this training mechanism was funded by a number of actors: the ESF, the State, local actors and training agreements, and enabled the internal redeployment of 650 people. “It was a real revolution, admits the secretary of the Chantiers de l’Atlantique works council, albeit an internal revolution.”

The need to take sub-contractors into account

This last point is important as the strategic turnaround greatly altered relations between the Chantiers de l’Atlantique and sub-contractors. From producing nearly 80% of their ships “internally” in the 1980s, the company ended up with almost as much “external” production in the 1990s.

Several factors brought about this major change. First of all, the changing nature of products resulted in the development of so-called “technological” subcontracting, i.e. related to the lack of know-how. For example, the Chantiers did not have sufficient expertise to produce two thousand passenger cabins, some of which were suites. Furthermore, the cyclical nature of activities is well integrated in the Management’s forecasts and they now prefer to maintain a relatively small workforce and resort to sub-contracting to deal with the peaks in activity. This leads to the development of “high-volume” sub-contracting. Finally, increased competition

² The ministry of Employment in fact accepted to extend from 1982 to 1996 the recognised period of exposure to asbestos for the Chantiers de l’Atlantique. According to the local branch of the CGT trade union, this enlargement made it possible to offer early retirement to around 800 employees of over 50 years.

incites a constant search of areas in which to make savings, and certain work is sub-contracted to countries where labour is less expensive, a phenomenon which is often referred to as “cost reduction sub-contracting”.

This quantitative transformation called for a qualitative transformation. On the one hand, relations with sub-contractors, controlling the supply chain, controlling the quality of supplied parts, etc. are key factors for competitiveness. But beyond performances and competitiveness, there is another vital issue: safeguarding the expertise of sub-contractors and their survival even during a cyclical low. The level of dependency of a number of companies in relation to Chantiers de l’Atlantique is approaching 80-90%. The fall in capacity in shipbuilding can therefore lead to their pure and simple disappearance; hence the need for them to diversify and reduce their level of dependency. It should be pointed out that Chantiers de l’Atlantique launched the CAP 21 project in 1998 which aims to improve the company’s performance and amongst other things, improve the quality of its relations with sub-contractors³. It was followed by a similar project CAP 21+⁴ in 2001. The Cap Performance⁵, launched in 2002, is a specific programme to assist the development of sub-contractors (82 businesses concerned) which have received external funding. This programme can be rightly considered to be the precursor of Cap Compétences in terms of its spirit, objectives and methodology.

On the other hand, the increasing complexity of relations with sub-contractors has led to the increasing dilution of areas of responsibility of the main contractor and the sub-contractors at the various levels. Certain companies are seeking to minimise their costs by bringing in foreign labour during the peaks in the workload and obliging them to work under conditions which are in breach of all currently applicable standards in France. The situation resulted in explosions on several occasions⁶ and the Chantiers de l’Atlantique was implicated for having failed to ensure adequate controls on the site. In 2001, the Chantiers de l’Atlantique, with the local unions of 5 representative trade union organisations, agreed to introduce the Instance de Dialogue Social du Site (IDSS) and signed the Charter for Social Progress at the Alstom Marine site in Saint-Nazaire which sets out the working conditions for sub-contractors in the context of an “enlarged enterprise”. It also contains several commitments in terms of professional training which the CFDT was to later make use of to call for the establishment of the Cap Compétences mechanism⁷.

³ This project is in theory aimed at making the Chantiers more independent with regard to public contracts, through the development of greater flexibility and above all the reduction of costs for building ships (the stated aim is 30%). The improvement in the quality of relations with sub-contractors is a major contributor to this. The Chantiers offer their sub-contractors ongoing support for technological improvements in exchange for their efforts to diversify as much as possible their areas of activity.

⁴ Particular attention was paid to sub-contractors in this project with the objective of reducing quality defects by 30%.

⁵ This is a regional procedure (involving the Chantiers as well as other contractors) to improve the performance of sub-contractors in terms of cost, quality and lead time.

“All of the suppliers and joint operators have to establish an operational progress plan, with a map of their processes, a diagnosis of their current performance, stated objectives to be accomplished, benchmarks, methodological tools and a development plan for actions” (Interview with the ship outfitting director at Alstom, *Le Journal Cap Performance*, Pays de Loire, N°1, April 2002).

⁶ A scandal therefore came to light on working conditions of Indian workers at Avco, followed by several others, which probably resulted in the hunger strike of Polish workers who were calling for two months of unpaid salaries.

⁷ Thus article 6 of the Charter indicates with regard to professional training: “The signatories to this Charter state that the improvement of performance at the Alstom Marine site requires the development of professional skills of the people working there [...] Professional training is a permanent and continuous training which joint operators will seek to implement, beyond the legal minimum obligations, to achieve the quality, cost and lead time objectives established by CAP21+ [...] The joint operators undertake to draw up a training plan each year which forms part of the procedure for improvement required by the principal, enabling their employees to improve in their professional career.”

The Charter signed at the time of the CAP 21+ project also aims to more precisely define responsibilities and assigns the supervision of level 1 sub-contractors to the Chantiers de l'Atlantique whilst level 1 sub-contractors are responsible for supervising level 2 sub-contractors, and so on⁸.

1.3. The mobilisation of local actors: shared diagnosis, converging interests and a unanimously supported mechanism

The idea of the Cap Compétences mechanism appeared in a context and a region where its implementation was facilitated by the presence of a number of high-quality actors in the field and their experience of group work.

The need to call upon actors beyond the company

As already mentioned above, the Chantiers de l'Atlantique management presented a well thought-out training plan to personnel representatives at the works council meeting on 27th January 2003. According to the management, this highly complex training plan was drawn up rapidly, during the course of the months of December and January, when the fall in orders appeared to be unavoidable. As the manager of the Cap Compétences project at the Chantiers de l'Atlantique explained:

We have put it [the training plan] together quickly as requirements, for the Chantiers de l'Atlantique, were clear in terms of training. We have progressively introduced the coordination between training and economic development programmes. Within Chantiers de l'Atlantique, we have worked closely with the DRHC (HR/Training development) and the Purchasing department (the supplier development team).

Indeed, given the massive departures through early retirement, retirement and the almost total renewal of the age pyramid, the need for such a plan for the company is imperative.

Two major problems nevertheless arose. Firstly, this training plan is very costly and external financing would therefore be welcome. Secondly, the work in the context of an “enlarged enterprise” implies by its very definition the association of actors beyond the Chantiers de l'Atlantique in order to establish a mechanism supported by local sub-contractors and public sector partners.

Consequently, the management began to take truly active steps in January 2003 to mobilise actors in the Saint-Nazaire region and find funding on the one hand and encourage the sub-contractors concerned on the other. To achieve this, it was supported by a network of contacts and human resources built up over the previous projects⁹. During the discussions, the project began to take shape in its final form, with ultimately the creation of the AGP during the summer of 2003.

A ready-made, operational network of local actors

The idea of the mechanism was introduced in a highly favourable context. The experience of recurrent fluctuations of activity in a crucial sector for the employment area was not only of concern for internal actors at the Chantiers de l'Atlantique. In the words of a trade union

⁸ We would note that such a system for control soon reveals its limitations. A damning report on working conditions amongst sub-contractors at Saint-Nazaire was submitted to the prosecutor in July 2006, following the descent of 43 agents from the local DDTEFP on 9th February 2006 at the Chantiers de l'Atlantique site. The report highlighted serious and systematic breaches of labour law among around ten sub-contractors at levels below level 1, sometimes with very poor working and safety conditions, unpaid overtime (up to 25-30 hours per week), etc.

⁹ Thus the same consultancy firm which took part in Cap Performance was selected to work for the new project.

member in Saint-Nazaire, “here, cycles are engraved in people’s minds”. This integration of the cyclical nature of forecasts goes as far as influencing the behaviour of individuals in the labour market¹⁰.

Given this collective experience, there is no possible question as to the statement’s validity. The diagnostic is soon jointly acknowledged: the Chantiers de l’Atlantique has not had any orders for two years and times will be very hard after the departure of the Queen Mary 2 at the end of 2003.

It has to be said that at the local level, the issue is serious. The shipbuilding sector forms an integral part of the region’s identity and the experience of massive restructurings in the sector during the 1970s and 80s was nothing less than traumatising. Shipbuilding is therefore a sensitive subject. But beyond the regional identity, the sector continues to weigh significantly in the local economy of Saint-Nazaire. The director of the local ANPE summed up the situation as follows:

In Saint-Nazaire, we have three major accounts: a refinery (but once it has been built, it is not going to be very significant in terms of jobs), Airbus with 2,400 employees... and the Chantiers which have 4 thousand employees and nearly 8 thousand sub-contractors. When you place this in a town of 67 thousand inhabitants, you can clearly see that it is a principal activity.

Furthermore through a series of projects, the local actors in the Saint-Nazaire area and more widely from the department of Loire Atlantique and the region of the Pays de la Loire, were able to develop the habit of working together.

The local actors have taken an active part in the Cap Performance project which we mentioned above. This project was funded jointly by the ESF, the State and various public and private funds. At the same time, at the regional level, several initiatives were launched in other sectors, such as the platform for the redeployment of employees in shoe industry in Cholet.

There are therefore a whole range of actors, such as the DRTEFP, the Regional Council, the General Council, the CCI, ANVAR¹¹, DRIRE, the sub-prefecture, the local association for shipbuilding employers (Pôle Marine), municipal mayors, etc. These actors know and trust one another and have the technical and human resources as well as precious experience in the implementation of such complex projects.

A highly active local CFDT

This very well developed network of actors also benefits from a significant contribution from the local CFDT trade union and the CFDT Chantiers de l’Atlantique branch, which was strongly in favour of the idea of making the most of the reduced workload to train employees in order to better prepare them for the recovery in activity.

During the Extraordinary Training Plan in the 1990s, the idea of including sub-contractors in the Chantiers training plan had already been raised during negotiations between the IRP and the Management. This time the CFDT argued in favour of establishing a GPEC for the area as according to the local union in Saint-Nazaire, not only did the lack of anticipation destroy jobs which could have been saved, but it also led to very strong tensions in the local job market when activity resumed. Thus the lack of labour in certain sectors leads to inter-sectoral conflicts (a “non-aggression pact was signed between the shipbuilding and BTP sectors between 2000 and 2005) and massive imports of foreign labour (10% in the shipbuilding sector according to the CFDT).

¹⁰ Therefore, according to the same trade unionist, the propensity of former shipbuilding employees to accept jobs in other sectors would be less significant as they knew that sooner or later, the recovery would come about and things would return to normal.

¹¹ ANVAR did not take part in the Cap Compétences project.

On 27th November 2002, i.e. over a year after the departure of the Queen Mary 2, the CFDT¹² alerted local actors to the situation in terms of workload for the coming years and called for “an extraordinary training plan, comparable to the one established in the 1990s”¹³. It was also the local CFDT union in Saint-Nazaire which wrote to several major actors¹⁴ to request their participation in the training procedure. These letters were followed up by meetings. At the local CFDT congress several months later, the point was placed on the agenda and received wide coverage in the local press.

Efforts by the trade unions to raise awareness among local actors of the issue of training during cyclical lows in the shipbuilding sector deserves to be highlighted especially since in spite of their active involvement upstream, the social partners were not even mentioned in the first issue of the Journal Cap Compétences newsletter, in which the chairman of the AGP Cap Compétences and Regional Director of Labour, Employment and Professional Training gave a presentation of the system and the actors involved. This says a lot about another problem which has occurred in several European countries: that of minimal visibility and acknowledgement of trade union action.

II. The Cap Compétences architecture: a multi-actor structure in a project with a double objective

The Cap Compétences agreement was signed on 22nd December 2003, i.e. on the same day as the departure of the Queen Mary 2. Thus the anticipatory nature of the procedure was symbolically highlighted: in the typically festive atmosphere of major departures of liners, there was more involved than simply self-congratulation, as joint preparation had to be made for harder times, in order to safeguard and benefit from the proven assets of the shipbuilding sector in the Saint-Nazaire area. Certain evolutions were nevertheless made between the initial content of the agreement and its effective achievement. The most notable of these was the arrival of a second contractor in the system, Airbus, announced in November 2004 and effectively introduced in May 2005. This entrance followed an Airbus initiative which, based on the identification of the under-use of available funds, approached the managers of the system and suggested that the non-allocated funds should be placed at the disposal of its sub-contractors through an extension of the Cap Compétences programme to the aeronautics sector.

2.1. Project financing and governance

The multiplicity of actors involved

A remarkable feature of the Cap Compétences programme lies in the number and diversity of the actors involved. These actors can be grouped into three categories:

- The programme's *beneficiary enterprises*, in which we have to distinguish between the two main contractors, i.e. Chantiers de l'Atlantique and Airbus, and the 186 sub-contractor SMEs who took part in the operation. Of these 186 SMEs, 150 were Chantiers sub-contractors and 36 were Airbus sub-contractors. It should be noted that in the context of the Cap Compétences, these sub-contractor SMEs were represented by Pôle Marine, an association of businesses created in 2000 which brought together

¹² The Union Mine Métaux of the CFDT in Loire Atlantique and the Vendée and the Chantiers de l'Atlantique works council.

¹³ C.f. for example “La CFDT plaide pour plus de formation”, *Ouest France*, 7th December 2002 or “La CFDT des Chantiers demande un plan de formation pendant le creux de charge”, *Presse Océan*, 7th December 2002.

¹⁴ Including the director of the DRTEFP, the sub-prefect, the local MEDEF and the General Council.

over 70 companies. The association undertakes joint diversification actions on behalf of its members which are mostly involved in an activity connected with the shipbuilding sector. It should be emphasised that the representation of Pôle Marine in the Cap Compétences system is not unjustified, given the spirit of the system, as the Pôle has also instigated initiatives aimed at encouraging inter-enterprise cooperation, notably through an employers' group project based on the principle of a certain mutualisation of human resources (loaning employees, joint recruitment of employees, etc.).

- The *institutional partners* jointly manage the programme funding: the State (DRIRE, DRTEFP), the European Union (European Social Fund), the Pays de la Loire Region and the General Council of the Loire-Atlantique. Among the programme financiers, we should also include the Organisme Paritaires Collecteurs Agréés (certified collective parity organisation - OPCA), which has the dual role of collecting and managing the mutualised funds contributed by the companies taking part in professional training.
- The *actors responsible for the implementation of the programme*. This implementation was notably undertaken by three Organismes Opérateurs des Programmes (programme operator organisations - OOP) for economic development and seven certified training organisations along with their network of qualified consultants and trainers. One of the OOPs responsible for Economic Development had also already been involved in the design and implementation of the previous Cap Performance operation.

The programme funding

Like the number of financiers, the total amount of public funding indicates the scale of the programme. The subsidies from the financial partners (State, European Union, Region and General Council) were supplemented by contributions from the OPCAs and subscriptions paid by companies to join the programme.

The total budget initially envisaged amounted to 37.3 million euros, of which about one third (12.9 million euros) was allocated to the training programme at the Chantiers de l'Atlantique and two thirds (24.3 million euros) was allocated to actions involving the sub-contractors. Out of the 24.3 million euros for the Joint-contributors Programme (sub-contractors), 12.5 million euros were allocated more specifically to economic development actions and 11.8 million euros to Training. Nevertheless, the final budget for the joint-contributors programme proved to be far lower than the estimated budget (approx. 14.2 million euros spent instead of the initially planned 24.3) notably owing to the number of companies effectively involved in the system (186 instead of the initially envisaged 200, which even includes sub-contractors from the aeronautics sector) and the underachievement of the training programme for Trades¹⁵ (a little over 4.8 million euros spent out of an initially planned budget of 11.2 million euros).

¹⁵ Under the Training Section, as we shall see later, the so-called Trade training courses are differentiated from the so-called Tools course. The latter have the unique feature of being directly supported by economic development programmes; they are notably aimed at developing the managerial skills required for the design and implementation of development actions.

Budget split for subcontractors					
Budget for subcontractors	Total in K €	Programme of economic development in K€	Training programme “trades” in K€	Promotion and steering of AGP in €	Overhead costs of AGP
Initial Budget	24349	11941	11208	500	700
Final Forecast	14200	7546	4840	995	819
<i>Shipbuilding</i>	<i>12228</i>				
<i>Aeronautics</i>	<i>1971</i>				

Source: AGP Cap Compétences, Bilan, Résultats, Analyse, working paper, Saint-Nazaire, juillet 2006.

Budget split for subcontractors		
Financiers (in K€)	Subsidies	% of the total cost
European Social Fund	4 498 K€	31,68 %
DRIRE	1 121 K€	7,89 %
Ministry of Industry	712 K€	5,01 %
Funding through « commitment to the development of training » programme (EDDF and DRTEFP)	549 K€	3,87 %
Regional Council	2 333 K€	16,43 %
General Council	502 K€	3,54 %
Enterprises' contribution	567 K€	3,99 %
OPCA and Enterprises	39 18 K€	27,59 %
Total	14 200 K€	100 %

Source: AGP Cap Compétences, Bilan, Résultats, Analyse, working paper, Saint-Nazaire, juillet 2006

Project governance: the AGP and monitoring bodies

In order to manage the flows of funds and the system's operational aspects, an association “AGP Cap Compétences” was set up. The Association de Gestion du Cap Compétences programme (AGP) is a “1901 Act” type associative structure whose legal existence is envisaged to last until the definitive exhaustion of the programme budgets. The employers' organisations, the founder members of the association, play a preponderant role as the AGP is chaired by the MEDEF and apart from the MEDEF of Loire Atlantique, its active members are the Union des Industries et des Métiers de la Métallurgie de Loire-Atlantique, the CGPME and the CCIs in Nantes and Saint-Nazaire. The AGP set up a technical team of employees seconded from the Chantiers de l'Atlantique and the CCI. A revelatory factor of the driving role of the Chantiers de l'Atlantique in the initiation and organisation of the Cap Compétences programme was the fact that the project manager, who is also the general manager of the AGP, is an executive at Chantiers.

Apart from the technical team in charge of the project's operational management, three regulatory bodies supervise the project's accomplishment. Each of these regulatory bodies has its own logic. Thus the *Parity Committee* aims to provide a forum for representation and expression of the social partners: its members are appointed by the social partners within the Inter-professional Parity Committee (COPIRE). The *Financiers Committee*, as its name suggests, is a forum for representation of the project financiers. It is made up of representatives of the financial partners, the AGP and companies represented by the Pôle Marine and the Director of Human Resources and Communication from Alstom Marine. This

committee, which meets once every two months, is more specifically concerned with the technical aspects associated with the system's financial engineering. The third regulatory body is the *Steering Committee*, which includes members of the Financiers Committee and the Parity Committee. This committee, which meets once every six months, has a more official nature, as it includes the prefect of the region, vice-presidents of the regional and general councils, etc. It approves certain major liens of action which have mostly been prepared by the parity and financiers committees.

It is difficult to assess the extent of the influence of each committee in the decision-making process. It is nevertheless true that this relatively dense system of governance is illustrative of a partnership approach which requires constant cohesion between the various stakeholders who sometimes have diverging interests, but who in this context are united around a common objective. Beyond the real power of influence of all the parties in the decision-making process, it is possible to identify a marked determination to achieve transparency with regular, detailed summaries of information to the project's partners. These information summaries are based on detailed reporting procedures but also, in the steering committee, on testimonials from company managers who are invited to report on the progress and results of actions undertaken as part of the Cap Compétences programme¹⁶.

2.2. The economic aspect

An economic section structured around three areas for improvement

The participating companies in the Cap Compétences system take part in one or other of the three established economic development programmes: the Performance programme, the Diversification programme and the Interfaces programme.

The *Performance* programme is the one which is most directly involved in the prolongation of the previous Cap Performance system. Its exact name is "Programme Cap Performance +". Focusing on internal organisational performance, it aims to enhance the progress approach in terms of costs, lead times, productivity, etc., which have already been undertaken in certain companies. Some 86 businesses take part in it, including 60 companies from the shipbuilding sector et 26 companies from the aeronautics sector.

The *Diversification* programme (the exact name is Programme Diversification / Innovation) in turn aims to develop the diversification of sub-contractors and their capacity to take on orders. It therefore involves increasing opportunities by breaking into new markets, the development of new Fields of Strategic Activity, launching innovative products, etc. The final objective is to reduce sub-contractors' levels of dependency on their principal contractor. Some 69 businesses took part in this programme, including 59 from shipbuilding and 10 from aeronautics.

Finally, the *Interfaces* programme (more precisely, the Programme Interfaces, Studies and Assembly) aims to analyse and capitalise on the preparation stages for joint construction and assembly activities, for six key processes in the shipbuilding sector with the suppliers concerned and the Chantiers de l'Atlantique. It therefore results in improved coordination of the subcontracting chain, so that each intervention is integrated simply and seamlessly. The Interfaces programme is the only one for which Chantiers de l'Atlantique is a direct stakeholder in the design and implementation of actions for economic improvement. By

¹⁶ Beyond the imperatives for governance, legitimisation and justification of the funds provided, we can note a more general concern for communication about the project's achievements. This communication effort is perceived as a tool aimed at maintaining and boosting the dynamics which have been set in motion. It is notably accomplished through the creation of a website and a two-monthly journal presenting, with numerous practical illustrations, the main principles of the project and its achievements.

contrast, Airbus and the aeronautics sub-contractors are not involved. The 31 companies taking part in the Interface programme are all therefore from the shipbuilding sector.

186 enterprises

- Shipbuilding (150)	Performance	60
	Diversification	59
	Interfaces	31
- Aeronautics (36)	Performance	26
	Diversification	10

A highly structured methodology but one which generates responsibility

The three economic development programmes have been entrusted to three separate OOPs, selected by the AGP following an invitation to tender¹⁷. A joint methodology has nevertheless been defined for the three programmes. This joint methodology, which precisely describes the stages which have to be respected, is based on several key principles.

An essential principal is that the activity of consultants is not aimed at providing a turnkey guide to best practices or ready-made solutions which the companies simply have to implement. On the contrary, it is aimed at helping companies to reflect on their own organisation and strategy in order for internal decision-makers to be able to determine by themselves the directions which should be taken and the actions to be implemented. Thus the originality of the approach clearly resides in the fact that “*knowledge is not provided from the outside*” and that “*it’s not the consultants who do all the work*”.

In this approach, the consultants’ contribution consists of initiating the dialogue within companies, developing a strategic analysis and helping in-house teams to achieve the three major phases of each programme: firstly, there is a phase for the diagnosis of what already exists, including an overall diagnosis and partial sub-diagnoses. This is followed by the preparation of a Development Plan which specifies the directions to be taken and the objectives to be achieved, then a third phase in which Action Plans are defined. The approach aims to be highly practical and operational. In this respect, a central place is given to measuring and evaluating the result of the actions undertaken. It therefore involves initiating a process for continuous improvement and permanently anchoring a “measurement and results culture” within companies. Supported by a range of appropriate indicators, each established direction has to be defined in operational action plans for which the results have to be able to be measured and evaluated at the appropriate time. The accomplishment of the envisaged actions is generally supported by the Training section through so-called “tools” training courses, aimed at instilling or reinforcing expertise in the management tools required for piloting operations, but also by means of so-called “trades” training courses when the development of certain individual skills has been made necessary by the content of action plans (e.g. in the event of a changeover to a new Field of Strategic Activity).

In order to guarantee that operations run smoothly and are in line with the spirit of the defined methodology, the consultants are selected in accordance with exacting criteria, then trained and assisted by the OOPs responsible for the programme throughout their involvement in the company. The consultants are themselves subject to imperatives in terms of results, in

¹⁷ The Performance programme was thus taken over by CEFORALP (the OOP which was already the Cap Performance programme manager), the Diversification programme by the CNAM of the Pays de la Loire and the Interface programme by the AFPI.

accordance with this “measurement and results culture” underlying the shared methodology of the economic development programmes and which has to be instilled in all of the participants. The supervision of consultants’ actions and for the harmonisation of interventions is supported by reporting, regular meetings between consultants and the programme leader and meetings in the companies where managers are invited to share their views. Within the companies, managers are also greatly involved in the progress of operations: they are particularly involved during the kick-off seminar where the methodology is presented, they designate the pilots and co-pilots who will organise the action in their company and at the end, they are invited to give an account of the procedure followed and results of the programme at a final reporting session.

2.3. The training section

Predefined training plans...

The training section envisaged a specific plan (already devised before the system was introduced) for the Chantiers de l’Atlantique and training plans for each of the SMEs taking part in the project which could include up to 288 training days per company (for trade and Tools courses).

Some 13 main fields were identified and assigned to various training organisations in accordance with their specialisation and/or envisaged volumes of training time. These organisations were supposed to pilot all of the activities in accordance with the operational rules defined by the AGP and working closely with the consultants and trainers selected for the task.

However, if the training programme took place from the outset without any major incidents at the Chantiers de l’Atlantique¹⁸, several significant difficulties arose in the implementation of training in the SMEs¹⁹.

By keeping to the Cap Compétences programme, companies are obliged to define a training plan. However they then refused to commit themselves to financing this plan²⁰, arguing that they first had to define their economic plan.

...which evolved into training courses adapted to requirements, combined with an incentive mechanism

Faced with these difficulties, for the most part unexpected²¹, the training mechanism began to evolve. On the one hand, the programme architects admitted the possibility to modify the initial training plan in line with the strategy which was taking shape. The consultants working with the SMEs were assigned an additional task of reworking and checking the actions envisaged in the initial training plan and monitoring the results of the actions undertaken. On the other hand, the specific function of “Training pilot” was introduced in the companies. The company boss could then appoint a specific interlocutor which the AGP, OOPs, OPCA and employees could contact for all matters related to training courses. The pilot’s salary, subject

¹⁸ The training plan was rapidly implemented at Chantiers. Between September 2003 and March 2004, the company organised 48,000 hours of training.

¹⁹ It only included 49 companies and 198 employees in 2004 (information cited in the *Journal Cap Compétences*, N° 5, November 2004, p. 2).

²⁰ Funding was largely provided by the APG, but in accordance with the law, companies had to contribute at least 12%.

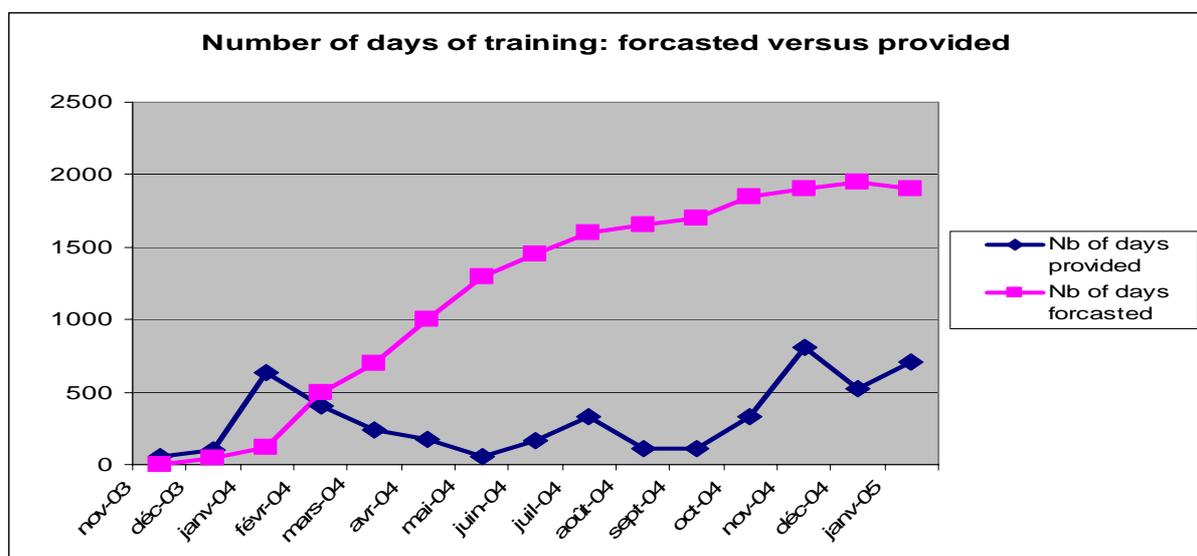
²¹ They are also clearly described in the *Journal Cap Compétences*, whose issues 2 and 3 only briefly mention training and mainly with reference to Chantiers de l’Atlantique.

to certain work, could be jointly funded by the AGP by up to 2,000 euros. Later, a specific training day was introduced for each Training pilot.

Furthermore, additional efforts were made with regard to planning and access to training courses. A database accessible to all the companies was created, which enabled all the businesses taking part in the system to register their employees on line and/or make any changes as their training plan evolved.

Changes can be seen even in the vocabulary being used: at the end of 2004, the *Journal Cap Compétences* began using terms such as “management of skills” or “knowledge management”, which indicated a terminological shift aimed at making training more attractive to business managers. The AGP described 2005 as “the year of training”.

These efforts managed to successfully launch training courses. As from October 2004, there was a significant increase in the number of training days being held. But the result nevertheless remained largely below forecasts (cf. the graph).



Source: *Le Journal Cap Compétences*, N°6, Janvier 2005, p. 6.

Thus the vice-president of the Loire Atlantique General Council commented in the editorial of the *Journal Cap Compétences* N°7:

“...the under-utilisation of the training chapter, in spite of all the facilities and cost reduction, has to sound alarm bells for all of us. The development of expertise, a strongly stated objective when the programme was launched, should increase local economic potential. I would hope that the short-term management will not forget this major issue.”

III. A globally positive result in spite of several failings

3.1. What was the impact on employment?

One of the immediate reasons for the implementation of the Cap Compétences system was the prospect of a severe decline in activity, which itself correlates to a severe threat for employment areas. From this viewpoint however, it has to be admitted that the major catastrophe in terms of jobs did not come about. The precise evaluation of the impact of Cap Compétences on jobs was nevertheless not minimal. Firstly because the impact on jobs arose from a twofold mechanism: on the one hand, the direct impact related to hours of training provided and intended to constitute an alternative to redundancies and the short-time employment of underutilised employees, and on the other, the indirect impact related to

economic development actions insofar as the resulting improvements should logically have positive consequences on the long-term future of businesses, the volume of activity, investments made and ultimately on employment. These two aspects, which furthermore are not independent from one another as economic stimulations tend to reduce the availability of employees for the training chapter (even if on the contrary, certain economic development actions reveal the need for it). The difficulty of evaluating the impact on jobs also results from classic problem of separating the proportion of changes observed which can be attributed specifically to Cap Compétences, which presupposes knowledge of what would have happened without the system: What would the number of redundancies have been? Would the jobs that have been created over the period have taken place anyway?

In spite of these uncertainties, several factors nevertheless make it possible to identify a substantially positive impact on jobs. If we first consider the sub-contractor companies, the evolution of employment is far higher, even though the economic context of the shipbuilding sector was not at first sight at all favourable for such an outcome.

For businesses in the shipbuilding sector, the net job creation figures total more than 300, 264 of which were in companies participating in the Diversification programme and 33 in companies participating in the Performance programme (in spite of several insolvencies in companies which were already in a particularly critical situation at the outset of the programme). Added to this was the fact that there was practically no short-time work recorded. It should be noted that the link between Cap Compétences and the salvaging of jobs was also supported by the extensive survey undertaken by the TMO institute (Territoires Marchés Opinions) among company managers and employees in order to contribute to the general results of the Cap Compétences system²². This survey notably revealed that among the businesses where jobs were under threat at the start of the period, 68% of managers questioned consider that participation in the Cap Compétences operation enabled them to save entirely (48%, excluding temporary staff) or partially (20%) of jobs under threat.

For companies in the aeronautics sector, the results were even more flattering with a net creation of over 300 jobs in a smaller number of companies (36 compared with 150 for the shipbuilding sector) and over a shorter period, given the late entry of Airbus. The two sets of results are not directly comparable however, in that the companies in the aeronautics sector, contrary to those in the shipbuilding sector, are operating in an improving and far more favourable economic context. Also, just as in the case of companies in the shipbuilding sector there is a legitimate case to suggest a strong impact related to the Cap Compétences operation, for companies in the aeronautics sector it would be dangerous to attribute too great a share of the jobs created to this same operation.

Finally with regard to the evolution of jobs at Chantiers de l'Atlantique, the main observation is that no short-time work was introduced during the period. Without prejudging what would have happened without Cap Compétences, this simple observation is in itself positive in a context of excess capacity, even if we are aware that structurally, fluctuations in activity affect levels of business among sub-contractors the most.

Without calling into question the generally positive results of Cap Compétences in terms of safeguarding and creating jobs, a certain reservation nevertheless has to be pointed out: the factual data presented above only concern permanent jobs within the various companies under consideration. Thus "volatile" jobs (fixed-term and temporary work) were not included, which nevertheless account for a significant share of jobs in the shipbuilding sector. We would note that the remark echoes a more general question, raised by the local trade union organisations,

²² AGP / Survey of company managers and employees, summary report, July 2006.

regarding the minimal place given to these forms of “atypical” employment in the context of the Cap Compétences operation²³.

3.2. Training: in spite of progress, results are rather mixed

A few quantitative elements

As explained in the previous section, the training chapter had a rather mixed impact. The results were good for Chantiers de l’Atlantique which “consumed” the entire allocated budget, i.e. €12.9 m. The total time finally reached around 270,000 hours, with an initial objective of 300,000. According to the management, the difference was due to a slightly higher average cost for the training courses than had been initially envisaged. The training programmes involved 2,780 employees from Chantiers, with blue-collar personnel being the main beneficiaries, according to the final report by the AGP²⁴. The same report points out that “a net improvement in the level of technical skills of this personnel [who had benefited from training] was noted on the shop floor by the Production Managers following these training courses” (p. 13).

With regard to training courses used by sub-contractors, the result was largely below what had been initially envisaged. Whereas forecasts estimated a total of nearly 290,000 hours, in reality only 148,215 hours were used in May 2006 (for tools and trades courses). This result is therefore a little over 50% of the forecast.

With regard to the monitoring of “professionalizing and qualifying approaches”, the quantitative results also appear to be quite modest. Some 163 employees from 94 companies followed these approaches (128 of whom for professionalizing approaches and 35 for qualifying approaches), i.e. less than one employee per sub-contractor involved in the Cap Compétences system. The typical profile of the employee benefiting from such an approach is as follows: an executive, technician or supervisor, male, aged between 25 and 40 who is initially relatively highly qualified.

However, it is true that the quantitative elements alone do not fully reflect all the work conducted in the engineering of the system, and among the sub-contractor company managers and their employees²⁵. These people contribute to the anchoring and perpetuation of good practices acquired in the company during Cap Compétences. Even if the quantitative level of the results may be modest, it should be pointed out, according to several actors, that the innovative nature of the approach deserves to be developed in the future.

What were the reasons for these results?

Certain actors consider that the need for training in SMEs was greatly overestimated at the outset. Furthermore, the success of the economic chapter of Cap Compétences had a negative effect on the propensity of companies to commit themselves to training plans. “When you are small and you have work, you work, you don’t train,” commented the Human Resources Director at Chantiers de l’Atlantique. Nevertheless, the survey conducted by the APG among

²³ This is also one of the main limitations highlighted by the trade union organisations, first and foremost the CFDT which pushed in vain, notably when it appeared that the funding allocated to the Training chapter would not be entirely used up, for temporary personnel to also be able to benefit from training actions.

²⁴ AGP Cap Compétences, *Bilan, Résultats, Analyse*, working document, Saint-Nazaire, July 2006. It should be stated that these figures are clearly not definitive.

²⁵ According to the project manager at the Chantiers de l’Atlantique, the mechanism only became operational at the end of 2004. All the companies which had started during the first half of 2004 (nearly 80) were therefore not concerned.

participating businesses suggests that the modest results of the Training Chapter have more “classical” explanations.

Published in the *Journal Cap Compétences* in June 2005, this survey²⁶ concluded the following results.



Source: *Le journal Cap Compétences*, N°8, juin 2005.

Whilst there is no major dysfunction to highlight in the Cap Compétences programme, it has been observed that the barriers cited by sub-contractor company managers mostly relate to the “size effect”. Whether it involves the higher level of activities (and therefore the impossibility to free up employees for training) or the excess capacity for activities (and therefore the impossibility to know what training to provide), administrative burdens, planning difficulties, the absence of a Training culture or the inadequate piloting of training plans, all of these contribute in the end to the causes which have been well-known for a long time which are the functioning of SMEs whilst chronically understaffed, poor temporal visibility and the lack of tools and culture to design and implement training plans.

3.3. Multiple sources of improvement for participating companies

The contributions of the economic chapter to participating companies are both substantial and varied. Two types of contribution have to be differentiated. Firstly, the sources of improvement resulting directly from the specific content of each of the three components in the economic chapter, in other words the Interface, Performance and Diversification programmes. These sources of improvement can be measured and quantified through indicators adapted to the area of performance on which economic development actions are based: e.g. the results of the Diversification programme can be measured with regard to the evolution of levels of sub-contractors’ dependency on the main contractor, the results of the Performance programme can be measured based on an analysis of the evolution of costs and lead times, etc. But it is also appropriate to take into account the sources of improvement of

²⁶ Conducted among 85% of shipbuilding sub-contractors, this survey is based on a questionnaire proposing that managers note the importance of training barriers on a scale of 1 to 5. This data was then processed to establish their relative weighting.

an indirect nature as they are connected more with the very spirit of the collectively committed approach as well as the triggering of intra and inter-organisational dynamics whose implications exceed the strict area of explicit fields of action for each programme. Thus businesses' participation in the various economic development programmes is also reflected through the highly beneficial effects relating to the initiation of a cooperative approach between the sub-contractor firms, the enhancement of relations between the main contractor and sub-contractors and the development of structures and supervisory personnel in companies.

Enhanced economic performance

The *ex post* evaluation of economic development actions were facilitated by the fact that the formulated methodology assigns an important place to the measurement of results, which implies both the setting of precise objectives in terms of the result and the determination of performances indicators which make it possible to evaluate the result of actions undertaken with regard to the established objectives. In doing this, Cap Compétences greatly contributed to the establishment or improving the reliability of the performance measurement system within companies.

Without going into too much detail regarding the numerous performance indicators defined, a few figures summarise the actions undertaken and the resulting improvements.

In the context of the Performance programme, the 59 shipbuilding companies launched 98 action plans, 50 of which related to costs, 18 to lead times, 17 to the development of activities and 13 to quality. In the light of the various indicators defined for each of the four areas for improvement with regard to the fixed objectives, 157 results – in other words 157 cases de of significant progress for an indicator – were achieved: 89 were obtained for costs, 23 for lead times, 18 for quality and 19 for the development of activities. The 26 firms in the aeronautics sector launched 44 action plans and achieved a total of 77 results (i.e. an average of just under three results per company): 34 for lead times, 14 for quality, 25 for costs and 4 for the development of activities.

Under the Diversification programme, which included 59 companies from the shipbuilding sector, 143 actions were successful. According to the aforementioned TMO survey, it appeared that the positive consequences of these actions include contributing to a significant reduction in the level of dependency on the main contractor. Some 24% of sub-contractors in the shipbuilding sector who took part in the Diversification programme thus reduced the proportion of their activity related to the main contractor. Of the companies who took part in the programme, 79% also consider that it had a positive impact on their business. Another enlightening element was that 32% of the firms questioned depended on the Chantiers for over 40% for their work before taking part in the programme, whereas this has now been reduced to just 19%. With regard to companies in the aeronautics sector, 56 action plans were launched and 43 were completed with, depending on the case, an increase in new clients (32% of action plans), the development of new products (10%), new offers (13%) or responses to new customer requirements (10%), the recourse to new processes (1%) or new technologies (3%), breaking into new markets (13%) or new market segments (13%). All of the companies now have between 3 and 5 Fields of Strategic Activity, all are investing and an average increase in net profits of 5% can be observed.

Under the Interfaces programme, the joint work undertaken by the 31 sub-contractors who took part in the programme (130 people involved) and the Chantiers de l'Atlantique (225 people involved) resulted in the analysis of 28 major sub-processes, the identification of over

400 dysfunctions and the implementation of 225 actions for improvement (even though 20% of the actions were only partially successful and 20% were abandoned)²⁷.

The networking of sub-contractor firms

One of the objectives of the Cap Compétences operation was to increase the propensity of sub-contractors to “work together”, thereby facilitating the emergence of a network of companies and the development of the notion of extended company in the context of the shipbuilding sector. It involved promoting industrial and commercial synergies between companies which are sometimes in competition with each other but which more often than not operate in complementary market sectors. These joint initiatives also constitute a response to the often critical problem of the limited size of SMEs, notably in a national and international sectoral context characterised by a tendency for contractors to reduce their number of sub-contractors. As such, during the Cap Compétences operation, business relations developed which resulted for example in joint responses to invitations to tender, in certain cases with the idea of adopting a joint position in new markets such as for wind turbines and offshore work. It should be pointed out here that such an orientation towards more extensive working relations and cooperation between sub-contractors is a continuation of the approach undertaken by the Pôle Marine association, which was also represented in the Cap Compétences system. As already pointed out, this group of companies is particularly aimed at setting up groups of employers which enables the recruitment of specialist employees who work simultaneously for several companies or even makes it possible to provide employees to another company according as circumstances require and as volumes of work fluctuations within each of them.

In practical terms, in the context of Cap Compétences, the promotion of network logics was aided by the existence of a number of meeting points for the various actors from the participating firms. These common points first involve the company managers, on the one hand during joint training courses where these managers were presented the methodological tools of the programme, and on the other during reporting meetings in which these same managers were invited to give an account of the actions undertaken and the results obtained. These reporting meetings turned into forums for open exchange where a certain transparency reigned, which certain people found surprising coming from managers who were not only rather unaccustomed to “having to account to anyone” and who were also addressing an audience sometimes made up of direct competitors. However this may be, the meetings between managers appear to have been appreciated by the participants and even constituted in certain people’s view a significant high-point of the programme. Apart from managers’ meetings, the various training courses provided meeting points for all of the programme’s participants. This was notably the case for the pilots and co-pilots responsible within each company for the organisation of operations related to Cap Compétences. These meeting points were forums for exchange between executives with similar functional profiles and potentially opened the way for other forms of non-commercial cooperation (innovation project, etc.).

More balanced relations between contractors and sub-contractors

La notion of an extended company includes a horizontal dimension (relations between sub-contractors) as well as a vertical dimension in the relations between contractors and sub-contractors. These relations have greatly evolved over the years in the shipbuilding sector,

²⁷ For a more comprehensive and detailed view of the quantitative results obtained, cf. notably the summary document already cited, “AGP Cap Compétences, *Bilan, Résultats, Analyse*”, and the tenth issue of the Journal CAP Compétences (May 2006).

where sub-contractors are gradually moving away from the status of a simple executor of orders given by the Chantiers towards the status of industrial partner –the current term used is “joint operators”- who is given greater responsibility and involvement in the upstream design work. Although the changing Chantiers/sub-contractor relations is the result of a “cultural evolution”, to borrow an expression which is often read or heard first prior to Cap Compétences, the operation can only serve to accentuate this trend. The Diversification programme, aimed at reducing the level of sub-contractors dependency on the contractor contributes indirectly to this evolution as the ultimate objective requires the sub-contractors to have greater control over the processes involved. The development of individual and collective expertise inherent to the Performances programme and the Training Chapter also promotes this orientation. But it was above all the Interfaces programme which, through its specific objectives, led more directly to enhancing relations between the contractors and sub-contractors. This was also the only one of the three programmes in the economic chapter in which the contractor is directly involved in the design and implementation of procedures for improvement. The principle, let us not forget, consists of a joint action initiative in which the Chantiers de l’Atlantique and its sub-contractors focus jointly, for each crucial process in the shipbuilding sector, on analysing and capitalising on the preparation stages for the joint construction and assembly work. The context also encourages the contractor to enable its sub-contractors to benefit from its accumulated experience and thereby help the replication in the SMEs of working methods which have been proven within Chantiers.

The reinforcement of structures and the development of supervisory personnel in companies

The various economic development action programmes combine to remedy one of the chronic weaknesses of medium-sized firms, i.e. their inadequate management structure (“*companies with 40 to 80 employees are the hardest for us to deal with, as the size of the firm is quite big, but it doesn’t have the structures*”). These inadequacies are demonstrated in many related areas, for example personnel management, the purchasing function and even the management of estimates (“*in certain firms, there wasn’t even an actual estimate*”). From this point of view, consultants’ support (or from the Chantiers itself through the Interfaces programme) was important and highly appreciated or even sought out and requested by participating firms (“*I was pleased to be able to benefit from a consultant who came to help is not to find customers –we know how to do that – but to structure us*”; “*we oriented the consultant’s activity towards optimising our commercial structure*”, etc.). This determination to strengthen their structures also contributes to a deeper trend in the sector: for example, the principle of groups of employers makes it possible to envisage joint recruitment of certain specialist profiles by several firms (business director, etc.) which each individual company would not have the capacity to recruit. The reinforcement of structures is beneficial for sub-contractor companies as well as the Chantiers contractor once (apart from the potential gains in cost, quality, lead time etc. terms) there is a determination to involve and associate the sub-contractors increasingly closely in an industrial partnership logic. The achievement of this objective presupposes a structuring effort in SMEs without which the notion of the “emancipation” of sub-contractors appears somewhat illusory.

The work undertaken in SMEs under the economic development programmes has also encouraged the recognition and increase in responsibility of executives who are most directly involved managing the operation, primarily the programme pilots and co-pilots. Certain managers consider in this respect that one of the majors interests of Cap Compétences was that it enabled the development of supervisory personnel in their firm. Cap Compétences has often proved to be extremely beneficial for the programme pilots and co-pilots: it has enabled them to “stand out in the company”, to meet up regularly with people of the same function

from other firms. Even within their companies, relations have been intensified between people who are ordinarily little accustomed to working together (*“This has enabled me to step out of my ivory tower. The fact of having a co-pilot responsible for business and working with technicians was very interesting”*), opening the way for an improvement in the cooperation and coordination processes between the various functions. The enhanced experience of personnel related to piloting operations is also illustrated in the fact that certain managers took part in qualifying approaches at the same time, under the Training chapter²⁸.

3.4. An open mechanism which also proved to be flexibly

The paradox of Cap Compétences is that it is an extremely complex mechanism from the point of view of its organisation and functioning, but at the same time it has proved its flexibility throughout the programme’s progress. Thus, by having a basis of a regular, detailed reporting process among the various partners, the management and regulatory bodies were able to adapt each time difficulties arose, to adapt the programme according to circumstances and in the light of the initial results. It is this shared capacity to identify, analyse and react in the face of the problems encountered which made it possible to respond to the initial results which were mixed to say the least with regard to the training chapter, by reorienting the programme towards less standardised courses, greater “customisation” in line with the action plans initiated in the context of the economic chapter. The partners were also able to demonstrate pragmatism and reactivity when it came to increasing the number of sub-contractor companies taking part, notably by agreeing to the inclusion of Airbus in the programme and making the organisational adjustments which such an arrival mid-way of another contractor required.

3.5. A programme which heralds others

The entry of Airbus into Cap Compétences is illustrative of the partners’ reactivity and extraordinary capacity to adapt as demonstrated in the programme management, but it also bears witness to a programme with great potential in terms of its improvement, replicability and subsequent development. The evaluation of the Cap Compétences mechanism should therefore also operate along the same lines as programmes which have followed it and which constitute its prolongation. Two projects in particular, in different respects, form a follow up to this mechanism. The Dinamic Entreprises mechanism and the EMC2 centre of expertise. Even if it would be dangerous to establish a strictly causal relation, notably with regard to the EMC2 Centre of Expertise, it can be legitimately suggested that both the Dinamic Entreprises and the EMC2 Centre were able and will continue to benefit from the *acquis* of the collective dynamic brought about through Cap Compétences.

The Dispositif Intégré d’Appui Méthodologique pour l’Innovation et la Compétitivité des Entreprises (integrated mechanism for methodological support for innovation and competitiveness in businesses - DINAMIC Entreprises) is presented explicitly as being based on the lessons learned from joint action programmes undertaken in the Pays de la Loire over recent years, notably including Cap Performance and Cap Compétences. Established under the joint impetus of the Pays de la Loire Region and the State through the intermediary of the DRIRE and the DRTFP, the Dinamic Entreprise mechanism adopts the general principles of the “Economic development” chapter of Cap Compétences. There are many similarities between Cap Compétences and Dinamic entreprises both in terms of the methodology adopted and the actors responsible for the operational management of the programme (CNAM

²⁸ This approach was aimed, according to the case, at the qualifications of Progress Action Pilot, Industrial Project Leadership Assistant, Diversification Project Pilot and Training Pilot.

of the Pays de la Loire and CEFORALP). Benefiting from significant financial support, the member companies are offered an operational assistance programme aimed at addressing three fundamental areas for competitiveness in companies. It thus involves, in accordance with the lien of development chosen by the companies, assistance for (1) improving their internal performance (industrial and organisational performance), (2) developing their commercial potential or (3) developing an approach for innovation. Dinamic Entreprises differs greatly from Cap Compétences on the other hand in that it is aimed at all businesses in the Pays de la Loire, whatever their activity sector. In spite of a more simplified financial structure, Dinamic Entreprises is in some way a process for the generalisation of Cap Compétences. In this respect, we can therefore consider that the results and evaluation which Dinamic Entreprises will produce will equally constitute the initial elements of responses to the issue of the transferability of Cap Compétences.

The EMC2 centre for expertise of course only constitutes one aspect of an overall project which largely surpasses the territorial scope of the Pays de la Loire. Its specific configuration also reflects a determination to capitalise on the cooperation processes and dynamics of joint actions resulting from Cap Performances and Cap Compétences. These latter programmes and the establishment of centres of expertise are likewise underpinned by the notion of a strong shared interest for companies in the same region or activity sector to join forces and take part in cooperation and concerted action schemes. The EMC2 centre nevertheless assigns a predominant place to large companies. Whereas Cap Compétences focuses on “contractor/sub-contractor” groups and Dinamic Entreprises is primarily addressed at regional SMEs-SMIs, the EMC2 Centre tends to facilitate the search for synergies between contracting companies. Five major companies therefore structure the EMC2 pole. These are Chantiers de l’Atlantique and Airbus (Nantes and Saint-Nazaire sites), which were already major actors in Cap Compétences, accompanied by DCN, European leader in military shipbuilding, the Bénéteau Group, world leader in the area of pleasure boats and Auto Chassis International, a major automobile equipment manufacturer specialising in the design and production of chassis systems for the car industry.

Finally, we should point out that the Cap Compétences mechanism and discussions between the actors in the context of the steering committee have come up with the idea of establishing “vocation platforms” (promoted by the local ANPE), whose objective is to adapt jobseekers’ qualifications in the region in accordance with anticipated local requirements. The principle is to recruit according to skills and make use of apprenticeship programmes, training courses and sandwich courses, and even actively seeking out reputedly “difficult” clients.

3.6. Problems which have arisen

In spite of the generally very satisfactory results, the progress of the Cap Compétences programme has revealed certain aspects which could be perfected. These are mostly connected with the complexity of the project’s financial engineering or certain trials and errors associated with the experimental nature of the project. This is the case for example with the problem already mentioned of the connection between the economic chapter and the training chapter, which in practice has been clearly demonstrated the need to develop the training programme only after the economic development actions have been defined. Two other problems should also be mentioned here, with reference to the complexity of the project engineering and funding on the one hand, and the membership of sub-contractor firms in the programme on the other.

Complex engineering resulting in administrative burdens for SMEs

The financial engineering of Cap Compétences has proved to be excessively complex in many respects. The terms “usine à gaz” [a maze] or even “oversized financial engineering” are thus frequently repeated in our interlocutors’ statements to describe the joint-funding system that has been set up. This complexity of the joint-funding mechanism is largely due to the high number of actors involved and the diversity of specific missions for each of them and therefore the objectives pursued under Cap Compétences. The participation of the General Council for example, is mainly underpinned by objectives to safeguard and create jobs. For this reason, considering that Airbus’s arrival in the mechanism would not benefit this initial employment region safeguard objective, the General Council refused to be associated with the funding of the part of the programme related to the new arrival and its sub-contractors. In order to reduce the sources of complexity brought about by the joint-funding, certain people have even suggested that future programmes should be oriented towards a greater mutualisation of funding. Other problems appeared owing to the fact that the AGP is not supported by a funding committee, thereby resulting in an absence of working capital and engendering an even more problematic situation as the institutional financiers are only legally able to release funds subsequent to operations having been conducted. Finally, the episode of subsidies being subject to VAT which is perhaps the most emblematic of the difficulties encountered (whilst also bearing witness, it has to be admitted, to the innovative nature of the mechanism). Thus uncertainty reigned for a very long time over the issue of whether the services provided (training, consultants, etc.) should be subject to VAT. The (positive) response only came after 18 months, thus creating a certain indecision during the entire period.

The mechanism’s complexity was also apparent in the sub-contractor companies. These firms complained about the administrative burdens resulting from the large number of documents to be processed and procedures to be respected throughout the various stages of the programme. Given the relatively small size of the companies taking part, it generated a significant excess workload for the accountants as well as the pilots and co-pilots responsible for operations within the entities concerned. This excessive workload caused by the highly technical and “pernickety” nature of the procedures (“*when the consultant had forgotten to sign an attendance sheet, the paper was sent back to us*”, etc.) was notably apparent in the procedures for the reimbursement of costs incurred. It was also particularly marked in the training chapter. A frequent example mentioned is related to the fact that the training sessions could only take place if there were a minimum number of participants actually present. However it is not uncommon for this minimum quota of participants was not reached at the last minute, leading to cancellations and postponements of these training sessions which nevertheless generally required extensive preliminary and preparatory work and organisation by the training pilots (“*I spent hours organising training courses, which had to be cancelled at the last moment*”).

Difficulties getting sub-contractor firms to sign up

Chronologically, the initial difficulty which appeared concerned the subscription process for sub-contractor SMEs. The initial objective was to get 200 Chantiers sub-contractor companies to join. The end result was largely below this, at 150 companies, to which we have to add 36 Airbus sub-contractor companies, giving a total of 186 participant companies. 400 firms were approached however over the entire period. The reticence displayed by SMEs reflects a certain scepticism on their part in terms of the potential gains to be expected from joining the Cap Compétences programme (even if given the sense of satisfaction manifested all round *ex post* by the participant companies, this scepticism appears with hindsight to be largely unjustified). A “certain fear of consultancy (and consultants)”, or at least a lack of familiarity

with consulting approaches, also explains this lack of initial enthusiasm. Added to this is the fact that for SMEs, companies generally characterised by a lack of management structure, participation in a mechanism such as Cap Compétences is particularly demanding in terms of time and energy (training of managers, making personnel available, organisation of meetings, etc.). The difficulties encountered during the signing-up process had a number of consequences on the programme's progress. The most important of these was the arrival of Airbus in programme. This inclusion of Airbus in fact resulted from the existence of unallocated funds, which in turn were related to fewer participating Chantiers sub-contractors than had been expected when determining the provisional budget. The difficulties in the signing-up process also contributed to explaining the significant prolongation of the effective duration of the Cap Compétences programme, which had initially been envisaged only for 2004. In order to maximise the number of participating companies, the AGP was also sometimes obliged to turn "as a last resort" to companies whose profile was less suited to the initially envisaged standard profile. We can thus note the case here of very few companies which were highly dependent on Chantiers and which were requested to join the mechanism much later than the initial intake ("*we're under no illusions, we fully understand we've been called on as a quick-fix solution*"). Furthermore, according to certain sources, the mobilisation of sub-contractors was sometimes undertaken in a rather directive manner by Chantiers, as they were able to "twist the arm's" of sub-contractors by making their commercial relations subject to their participation in the programme ("*the Chantiers sometimes had a very 'sergeant major' manner*", "*we know that Chantiers can sometimes say 'if you want to continue working for us, it would be good if you joined the programme'*")²⁹.

Conclusion

Cap Compétences is a mechanism which, given the current practices in France and Europe, appears to be innovative. Firstly, it constitutes a very positive example of *joint* anticipation on a regional scale. Whereas anticipation is generally a highly controversial subject, the implementation of truly anticipatory, collective approaches sadly remain all too rare. The Cap Compétences project highlights the necessary ingredients to make such anticipation possible. First of all, the specific nature of the sectors, notably the length of the production cycle, offer a view several years in advance regarding the work to be expected from the main contractor. Furthermore, an operational, effective network of local actors had already been built up beforehand, including during the implementation of several similar projects in the Saint-Nazaire region. Although certain actors considered Cap Compétences to be a "project based on shared knowledge", this knowledge was not innate: it was a social construction aimed at providing complex, joint responses based on gradually accumulated tools and know-how. The long-term visibility, the network of actors and the "local knowledge capital" consequently appear as a condition for the implementation of a joint anticipatory approach in the region. Secondly, the Cap Compétences mechanism set out to be a mechanism for an "enlarged enterprise". This approach is relatively new and extremely relevant in the current context. The reconstruction of the industrial fabric and employment relations observed in the 1990s urges a serious reconsideration of the very concepts of company and employment contract. Without getting involved in a theoretical debate, we would simply note that the forms of social regulation and responses offered regarding these evolutions often remains unsuitable. Sub-contractors depending on a principal contractor are perceived as perfectly independent businesses, which have to manage their problems related to economic change by themselves, whereas their level of information on the environment – not to mention their resources and

²⁹ The existence of such "pressure" does not seem to be a new phenomenon as it is also mentioned with regard to the previous Cap Performances programme.

expertise – are largely inferior to the capacities of major contractors. It is true that Cap Compétences is not the first experience of this type in Saint-Nazaire, but it is probably the most accomplished.

Also, whatever reservations we might have regarding the Training chapter, another Cap Compétences innovation is to adopt a determined, collective, multi-actor approach aimed at promoting training within SMEs. It is clear that most SMEs are incapable of setting up training plans for a number of reasons, among which we could highlight chronic understaffing, the absence of a sufficiently long-term view and the managerial culture which tends to perceive training as “something for big companies”. It would therefore be appropriate to introduce specific incentive mechanisms, if we want SMEs to adopt the approach for constant improvement of employees’ skills through training. The practical tools for achieving this may involve several elements. The most interesting thing that appeared through Cap Compétences was the creation of training pilots in the companies concerned. It is curious to that the local actors in Saint-Nazaire finally adopted a solution to establish managerial functions for training, which are not dissimilar to the learning reps in Great Britain. A few reservations concerning training in the context of this mechanism are nevertheless indicative of difficulties that have already been raised in the MIRE project: companies only train employees on condition that they can identify an interest for themselves, employability, in the general sense of the term, was a secondary consideration (if it was considered at all); “it’s always the same people who receive training”; the smaller you are, the more difficult it is to get across the idea of training, etc.

As in all the cases studied in the MIRE project, the Cap Compétences mechanism can not be directly transferred as it is based on too many factors which result from specifically local features, which would be impossible to reproduce outside the context of the Saint-Nazaire region. It was nevertheless still instructive as it enables us to identify the ingredients required for the emergence, establishment and implementation of a joint mechanism aimed at dealing with the problems related to recurrent fluctuations of economic activity. This mechanism also lies at the intersection of sectoral/regional issues, both of which are currently of major importance in debates on economic changes and restructuring.

Annex: the list of interlocutors

Insiders of the Chantiers de l'Atlantique

- HR Manager of the Chantiers de l'Atlantique
- Head of Service « Human Resources – Training »
- Head of the project Cap Compétences at the Chantiers de l'Atlantique
- Former secretary of the Works Council

Outsiders

- Secretary of the local CFDT trade-union at the time
- Secretary of the local CFDT trade-union at the moment
- A representative of the local CGT trade-union
- Two representatives of subcontractors involved in the project
- Director of the local Public Employment Service
- Director of the Regional Labour Administration (Ministry of Labour)
- Head of the project « Economic activity and employment » at the General Council (Conseil Général) of Loire Atlantique
- Responsible for the Cap Compétences project at the local CCI
- Representative of the DRIRE (Ministry of economy, industry and finance)
- Responsible for the project at CNAM
- Head of « Strategy and economic development » department at Airbus (for industrial sites in Nantes and Saint-Nazaire)