

# LES HENOKIENS CASE COLLECTION

CATHERINEAU

-since 1750-



## Catherineau

Since 1750, Catherineau has designed and manufactured made-to-measure interiors for aircraft and yachts in composite and natural materials. This family business dates back almost three centuries—267 years exactly. From the start, the company has been controlled by its founder and heirs. It is fully entitled to its place as a member of the Hénokiens.

This case is the story of a family, as in many family businesses, the Catherineau, who knew through time to pass on my knowledge and know-how and to bring forth an emblematic leader at each time. We are far from a declining family as described by Th. Mann in his famous novel "Les Buddenbrook", but in that of a dynamic family dynasty whose future is now in the hands of Anne-Sophie.

There have been eight generations of Catherineau; beginning with the distant ancestor Pierre, who left Libourne to settle on the banks of the Garonne, and opened a first a cooperage and then a workshop manufacturing wagon wheels. All of this, almost a century before the birth of Clément Ader, the pioneer of aviation!

The company's history brings to light an overarching strategic model that replicates itself by drawing upon the past to enrich the present, thanks to the arrival of an emblematic leader. A model that has been applied on the one hand to develop a strategy focused on the long-term, the latter being an integral part of the organizational structure for the successful, sustainable survival of the family business, and on the other hand, a process that explains the creation of value in the company based on a vision of cognitive governance.

Four significant periods can be distinguished, which constitute the steps in the development of the Catherineau model.

### **1) The steps in the development of Catherineau model:**

- 1750–1929: the founders: Pierre;Pierre;Jean;Jean-Achille and Pierre-George, the statement of the Catherineaumodel.
- 1929–1979: Jean-René: the consolidation of the model.
- 1979–2010: Alain: the enrichment of the model through innovation.
- 2010 to today: Anne-Sophie: the heiress of the model that founded the dynasty.

## **First sub-period: 1750–1929: The founders: Pierre;Pierre;Jean;Jean-Achille and Pierre-Georges, the statement of a model**

1750 was a year of political crisis and popular unrest following the registration of the *vingtième* edicts by the Paris Parliament. In May 1750, Parisians marched on Versailles and were dispersed by force. The situation in the capital was so tense that Louis XV had a road built to bypass the capital so that he could travel from Versailles to Compiègne; a road that the population called the ‘road of the Revolution’.

However, Pierre Catherineau took another road to travel from Libourne to Bordeaux, where he created the *Quai des Chartrons*, a carpentry workshop that manufactured first barrels, then cartwheels.

He remained there until 1810, when his son Pierre succeeded him (the first invoice was issued in 1811).

Beginning in 1820, Jean, his son, whose records show was a carpenter entrepreneur, launched a new activity—the fitting out of scows. This activity would prove to be very lucrative as it marked the beginning of the period when most passenger traffic in the Garonne estuary was provided steam-powered paddle steamers.

As the business expanded, Jean moved its premises from the rue Lormont to the Bacalan district, where the workshops would remain until 1907.

In 1886, Jean-Achille succeeded his father. His son, Pierre-Georges (1872–1926) served his apprenticeship with his uncle, Ernest Catherineau, a modeler-mechanic with offices at rue Sainte-Charles in Bordeaux. Once qualified, Jean-Achille spent four years in Paris. He returned to Bordeaux where he joined his father's workshop. As the Bordeaux shipbuilding and fisheries collapsed, Pierre-Georges changed course by developing a modelling-mechanics branch that provided services to foundries. This would give the company a significant boost.

In 1907, Jean-Achille constructed a house and a new, more spacious workshop at 30, rue Achard (rue Lormont having changed name) in the port district of Bacalan. The workshop's pitch pine frame would be built by his father's hands.

Gradually adopting modern machine tools, he expanded the company's existing activities to include ship maintenance and repair. The company's proximity to wet docks, and two dry docks supported the extension into this new branch of activity.

Pierre-Georges died in 1926 at the age of 54. His widow, Jeanne, acted as temporary director until 1929, when their son Jean-René (1907–1988) joined the company.

### **Second sub-period: 1929–1979: Jean-René: The consolidation of the model**

In 1926, Jean-René was only 18 years old. The death of his father required him to abandon his engineering studies at the National School of Arts and Crafts at Angers. He left in November 1927 to complete his military service. During his 18-month absence, his mother ensured the smooth running of the various branches of the workshop, helped by some of her husband's former workers.

In 1929, Jean-René took over the management of the company. He immediately added a new branch of activity: automatic chilling. The compressor units that the modelling workshop had worked on for several years for a Parisian company, were supplied to him in his capacity as a distributor by the company. The *Atelier Catherineau* now manufactured, installed and maintained

isothermal furniture—cold rooms—which required the creation of a major commercial department, a network of travelling salesmen, assemblers and repairmen.

Jean-René's departure for the war put an end to all this. Catherineau was once again put into the care of Jeanne's safe hands. Eventually, civilian life began to return, but the company's large stock of machines had been requisitioned by the German army and galloping inflation had caused a sharp rise in the price of materials, making the resumption of its former business impossible. The company continued to manufacture joinery for buildings and ships, and models for foundries.

It was not until the 1960s that it began, once again, to diversify its activities, while remaining faithful to its original trade, wood.

In fact, 1960 marked the beginning of the company's venture into aeronautics, in the form of a contract signed with Dassault. Jean-René prepared models of the Mystère 10 (Mystery 10) and Mystère 20 (Mystery 20) for wind tunnel testing and manufactured the first fittings for the Mystère 20, Falcon 10 and Falcon 50. This would be the beginning of Catherineau's activities in the aeronautic domain, in particular business aviation.

This diversification would be a turning point in the life and development of the company. Jean-René even went so far as to change its name: henceforth it would be known as *Etablissements G. Catherineau*. Activities included: modelling of mechanics for foundries; building and marine joinery; and in the aviation domain, the manufacture and installation of fittings for the Mystère 10 and 30, and the Falcon 20 and 50.

Alain, one of Jean-René's sons, joined the company in 1972, and took over control in 1979.

### **Third sub-period: 1979–2010: Alain: The enrichment of the model through innovation**

Several significant dates mark this period. In 1980, to respond to strong growth, the workshop at rue Achard expanded. The same year, Alain's arrival marked the change in the legal status of the company. The Catherineau Establishment became a simplified joint-stock company whose president is Alain, the chief operating officer is Anne-Sophie and the co-director is Marie. The chairmanship of the supervisory board is entrusted to Michèle, wife of Alain. Though, Alain created a new department: the sale and construction of hulls for recreational boats, in the form of a dealership with the British firm SouthHantsMarine.

In 1984, Alain introduced a major innovation: the development of a patented, honeycomb composite material that significantly reduced the weight of aircraft fittings.

The results lived up to expectations, extremely light panels, with very good mechanical resistance could be coated with an aesthetically-pleasing wood veneer. The process earned Catherineau a monopoly in the outfitting of small private planes.

In September 1988, the domestic Australian airline company Ansett used Catherineau's expertise to outfit its Airbus A320, seduced by the Orient Express-style decor.

In 1994 Catherineau continued to innovate by adapting the Catia computer-assisted design system, invented by Dassault, to draw three-dimensional structures on a computer workstation. Parts are automatically cut by a computer-controlled machine, synonymous with precision and time saving.

Just two years later, the company was running at full capacity. Driven by global growth, the Falcon market was flourishing and Catherineau won most of the orders for the European continent. However, to alleviate the problem of an over-reliance on one client, Dassault (over 60%), Alain decided to

diversify the business to all French aircraft manufacturers. Consequently, in 2003–2004, the company fitted out the first A330 and A340 VVIP. Catherineau obtained PART21GFR0164 Approval for Production from the French Civil Aviation Authority.

Anne-Sophie, one of Alain's daughters, joined the company on 6 June, 2006, with an engineering degree from the *Ecole Nationale Supérieure des Arts et Métiers*, an MBA in business management from the *Institut d'administration des entreprises* in Paris, followed by a management internship at Louis Vuitton at the age of 24. It was a turning point in the company's history. Finding himself blocked by tram works in Bordeaux, in 2007 Alain decided to build new, modern, more functional production facilities at Saint-Médard-en-Jalles at the heart of a technological centre dedicated to the aviation, defence and space industries.

In 2007, the number of employees rose from 50 to 75 to cope with a sharp increase in the fitting out of VIP aircraft and helicopters. By 2008, the company had 105 employees. It signed contracts with SOCATA for the complete fitting out of the TBM850 and with Dassault for the fitting out of the Falcon 7X.

2010 saw the fitting out of the A330 for the President of the French Republic. Anne-Sophie oversaw the construction of the new workshops in Saint-Médard-en-Jalles.

#### **Fourth sub-period: 2010 to today: Anne-Sophie: the heiress of the model that founded the dynasty**

In 2011, Anne-Sophie, 30, became Director General alongside her father Alain, who remained CEO. "I was only 14 years old when my father asked me to take over the company", remembers an amused Anne-Sophie. "I preferred to make my own way first, I wanted to be independent, but also to bring real added value to the company" she continues, adding that she intends to lead by bringing her



“touch of modernity while keeping the essentials: the values of my Catholic family: honesty, respect for employees and customers.”

In January 2012, Catherine left its historic premises at rue Achard to move into the new plant: 4,600 square meters in Saint-Médard-en-Jalles, which was officially inaugurated on 7 September of the same year. The company recruited twelve women into a very masculine environment. “Few a few years, we have worked to promote women’s access to our trades and professions. Now, they make up about 10% of our workforce”, Anne-Sophie is happy to declare; she herself contributed to a national plan for women’s entrepreneurship commissioned by the government.

The company not only doubled the surface area of its premises, it completely modernized its machinery and built an environmentally-friendly building: the total cost of the operation was 3.5 million euros, with assistance from the region and the municipality of approximately one million euros.

After overseeing the transfer of the hundred-or-so employees to the new plant, Anne-Sophie turned her attention to the diversification of the company’s activities, in particular the nautical sector.

Consequently, in 2012, Michèle worked with the City of Bordeaux, the *Grand Port* and forty other companies to create the Bordeaux Superyachts Refit cluster. The project was designed to transform the *Bassins à Flots* area into an epicentre for the maintenance of luxury yachts, given the saturation of other French and European sites. The chairwoman of the cluster is Michèle.

Her aim was to have 115 employees within 5 years, and 11 million euros in turnover. Her sister Marie was at her side. Marie joined the company as Head of Research and Development in 2013 after six years of experience as a structural calculations’ engineer for Airbus in Toulouse. She graduated from the National School of Physics at Grenoble, and holds a Master’s degree in Aircraft Structure Calculation from the University of Toulouse.

In November 2014, the young woman was voted Business Leader of the Year in aeronautics.

At the end of 2015, the entire business aviation sector was in crisis. As Catherineau was highly dependent on its success, the company was badly hit by the impacts. In early 2016, Dassault cancelled three major orders, and in October of the same year Airbus closed its subsidiary Airbus Corporate Jets Center, while the helicopter market sharply declined.

In response to this turbulent period, the young leader developed a three-point action plan: a strategy of diversification via exports to the booming international aviation and boat markets. The vacant premises at Bacalan resumed their original activities and there was a renewed focus on the company's historical customers. The company's internal reorganization was accelerated: on the one hand, day-to-day management of performance was based on the accountability of each actor of the company and, on the other hand, visual communication was improved. All of this was accompanied by a programme of partial redundancies supported by the government, and the establishment of a training plan in collaboration with regional authorities and the DIRECCTE.

The aviation sector was not, however, completely abandoned. In September 2016 the French Civil Aviation Authority gave its approval for the company to carry out maintenance on business aircraft (PART 145 Certification and ISO 9001/ EN 9100, which state manufacturing requirements). Catherineau remained optimistic, arguing that demand would never dry up. "Companies, businessmen, jet rental companies always need this type of aircraft for frequent, quick trips. I am confident that luxury outfitting will also be developed in airliners, with future VIP zones equipped with individual cabins", says Alain. The end of 2016 would see the delivery of fittings for the first Falcon 8X, and production of the new Airbus H175 VIP helicopter.

## **2) Human Expertise and the Manufacturing Process:**

In response to the complexity of its customer's specifications, Catherineau combines human expertise and manufacturing processes.

The strength of the company is the result of the subtle marriage between traditional cabinetmaking and state-of-the-art technologies, between rare wood, leather and composite materials, between craftsmanship and computer-aided manufacturing. The techniques used to equip a boat or an aircraft are the same.

This outstanding know-how comes from the 30 trades they employ. From the carpenter to the draper, via the painter, the saddler, the mechanic or the fitter, the upholsterers, and the cabinetmakers. These craftsmen design, from A to Z, the company's luxury fittings that are mostly made from rare wood. Its fame attracts the youngest talents from the prestigious Boule School of Applied Arts. As Anne-Sophie says, "the transmission of leading-edge know-how is slow, it often takes several years."

In April 1990, the company's practical and artisanal expertise was rewarded by the award of the sacred 'Best Workers in France' (*Meilleurs ouvriers de France*) prize to two of its cabinetmakers.

To ensure this tailor-made service, the company spends 10% of its annual turnover on research and development. Its design office is composed of twelve people and is managed by Marie. Research and development is focused on, among others, the search for new materials that provide better sound insulation or even more resistant varnishes.

It was precisely through the search for innovation that, in 1984, Alain himself developed a patented composite material that made Catherineau's fittings around 30% lighter than the competition. Unheard of! A honeycomb-like structure, laced with fire-resistant resins and carbon fibre to provide rigidity, "It is the lightest composite panel in the aerospace market", Anne-Sophie notes proudly. Its patent has given the company a significant competitive advantage in a sector where every additional gram counts. As Alain points out, "In a helicopter, the bulkheads, furniture, toilets and walls weigh about 230 kg. In solid wood, this would be about a ton."

In addition, the load must be well distributed to ensure stability in flight. And these are not the only constraints. The smaller appliances must resist fire and shock, while the larger ones must also meet safety standards regarding depressurization and vibration.

Since 1995, the company's processes have been computerized. Fittings are drawn on a computer based on a scanned model of the aircraft. Then the computer-driven machines cut out the composites: a honeycomb covered with a layer of wood, leather or marble.

### **3) Luxury and made-to-measure:**

Since its inception, the company's state-of-the-art expertise has been dedicated to satisfying its customers and meeting their specific requirements (Airbus, Eurocopter, Sogerma, Daher-Socota, Dassault, Sabena, etc.). Catherineau has fitted out over 2,000 business aircraft and helicopters since the early 1960s. Each client states its requirements, which the design office transforms into plans. "We sign confidentiality agreements with each of our customers. And often we work directly for aircraft manufacturers and don't know the name of the end customer", says Anne-Sophie. Fittings are then manufactured and finalised in the workshop before being integrated into the aircraft. Nothing is mass-produced, everything is made-to-measure, with luxurious embellishments for a high-end clientele.

One client asked the company to find a way to hide televisions behind works of art. An extravagant, but nevertheless unexceptional, request was to manufacture furniture finished in shagreen (from shark skin). Others include a sink made out of lapis lazuli, and a table inlaid with diamonds. In the same vein, in March 2013, a Falcon 7X was delivered to Prince Albert and Princess Charlene of Monaco; the interior fittings were particularly refined and designed to meet the expectations and requirements of the Prince.

The current focus on the luxury yacht market, the brainchild of Anne-Sophie, is familiar to the company's institutions. At the end of the 1990s, it outfitted the *Mari-Cha*, a 28-meter yacht. And if we

go further back in time, to the 1820s, the company had already turned its hand to the outfitting of scows (see above, 1, first sub-period).

As Anne-Sophie says, "Luxury is Catherineau's world. Both utmost quality and highest level of customer service are of paramount importance to succeed. Our strategy is to keep providing our customers with the utmost quality and the highest customer service they expect from us. The obvious reasons Catherineau has been around for so long are the company's deep respect for its customers, its utmost quality and a permanent will to innovate, bringing new products and new technologies such as a light yet strong composite material, or Catherineau's finishing processes which for 50 years have resisted all temperature and environmental variations. In a nutshell, our strategy is to be respectful to our values and our expertise that stem from Catherineau's long history associated with a strong desire for innovation in partnership with our customers."

## **4) The Catherineau model applied to a strategy of long-term company sustainability**

### **Aspects relevant to the discussion of the case.**

The model can be summarised as follows:

- 1) Constantly reinventing their business to survive: reinvention in innovation, with a common thread, working with wood, which has led to diversification around their core business.
- 2) Constantly adapting to a changing environment and innovating, which implies a flair for business in this family of entrepreneurs for whom the search for sustainability is in their blood.
- 3) Meeting demanding customer requirements: nothing is mass-produced, everything is tailor-made.

This model was applied to a strategy of sustainability, the latter being part of an organizational culture that has fostered the long-term success of the family business.

The company's history and the Catherineau model shed light on some of the principal explanatory variables that underlie the longevity of the company: the family, familiness, stewardship, stakeholders and networks. The academic literature offers an understanding of the role played by each of them.

- The family: to understand its role, reference may be made to Olsen's Circumplex Model that provides a framework for a 'relational diagnosis' of the family, based on three dimensions:

cohesion (emotional ties, relations between parents and children, marital relations, involvement in the family, etc.); flexibility (leadership, discipline, negotiations, distribution of roles, rules of operation, etc.); and communication, which is seen as a 'facilitator' dimension through which the family can change its level of cohesion and flexibility (see the Appendix).

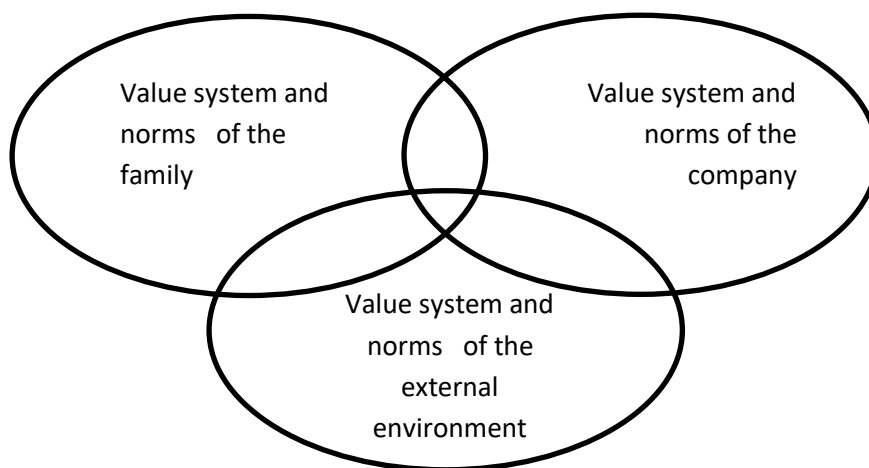
The identity and values of the family must also be taken into account—the concept of shared values that are common to individuals, families and companies. In some cases, family values and corporate values are interwoven, which can lead to the emergence of a form of governance that is specific to family businesses, and which can be very similar to paternalism.

- Familiness results from the interweaving of two types of social capital, that of the family in the form of the knowledge, know-how and practices communicated to its members, but also in the form of collective knowledge represented by the set of social values, beliefs and behaviours adopted by the family group. Plus, that of the company, through its multi-way relationships with its stakeholders, employees, suppliers, customers, and creditors.

Social capital thus has three dimensions: a structural dimension (a network of relationships: the family and its genealogical structure); a relational dimension (personal relationships create assets, through their history, or a feeling of obligation or trust); and a cognitive dimension (a common language and shared interpretations constitute a resource for the family business).

- Stewardship or 'stewardship theory' reflects the emotional unity of the family in the form of the management team. It is characterized by an identification with the organization and its goals, the personal commitment of a selfless leader to the success of his or her company (potentially at great personal sacrifice), and a motivation to act in the best, shared, long-term interests of shareholders, employees and stakeholders in the company.

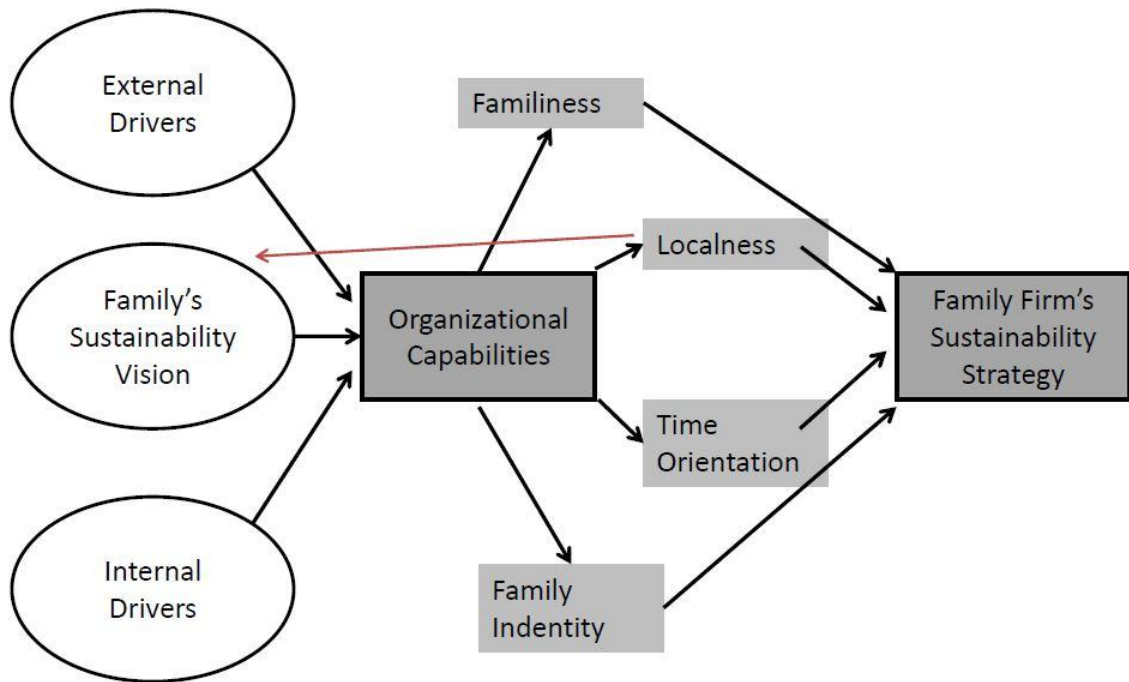
- The company has always considered the expectations (rights and wishes) of both internal and external stakeholders (employees, customers, suppliers, public authorities, etc.) and has forged relationships of trust. This can sometimes appear as a substitute for explicit contracts, and may lead to some stakeholders being considered as 'family members' with a long-term approach to relationships.
- Networks: the longevity of the family business lies in its ability to develop and simultaneously activate the three networks (family, business and environment) on which its strategy is based (following Granovetter's work on embeddedness). Economic action is embedded within a personal relationship that places individuals in contact with others. It cannot be seen solely in terms of maximizing the utility of an individual, or maximizing the profit of the company. The allocation of resources is governed by other considerations, including community loyalties and values. Strategic management in a changing environment relies upon how the three networks are connected. It could be said that Catherineau has specific know-how in managing the intersections between the three network systems, embedded in a long-term perspective.



Catherineau's overall sustainability strategy can be visualised by using the diagram proposed by Sharma (2009).



## Drivers of Proactive Sustainability in Family Firms

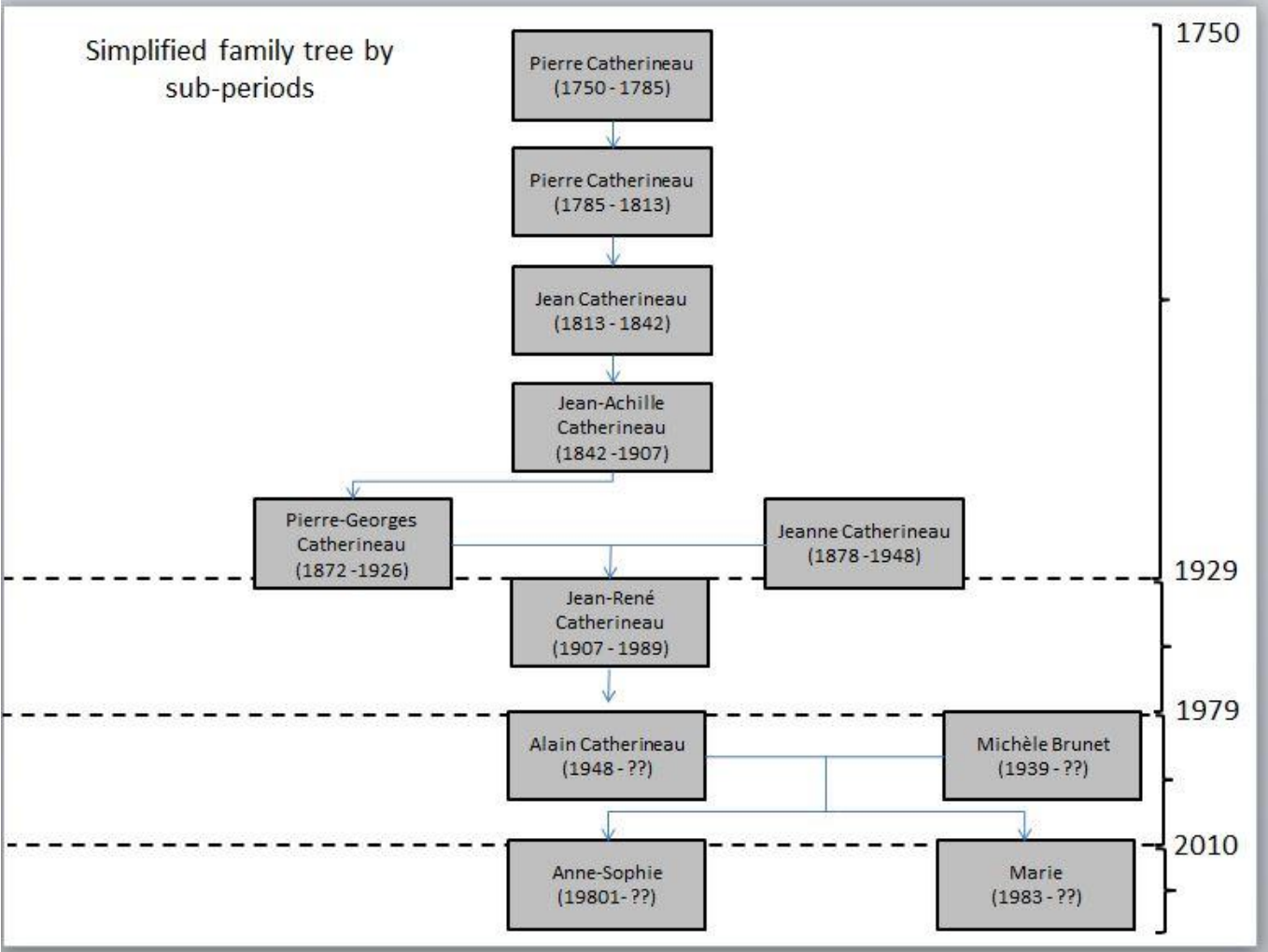


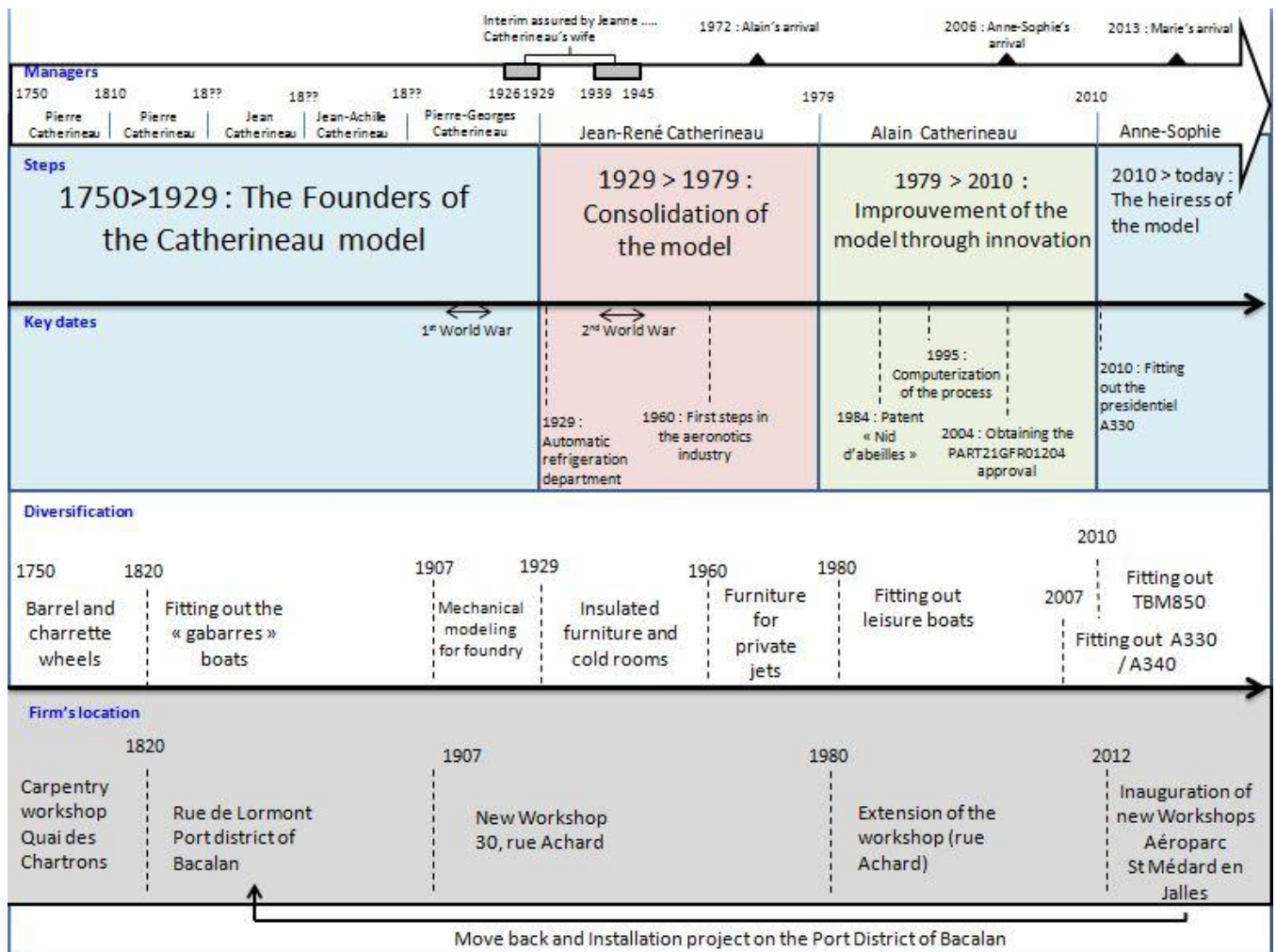
*Source Sanjay Sharma (2009)*

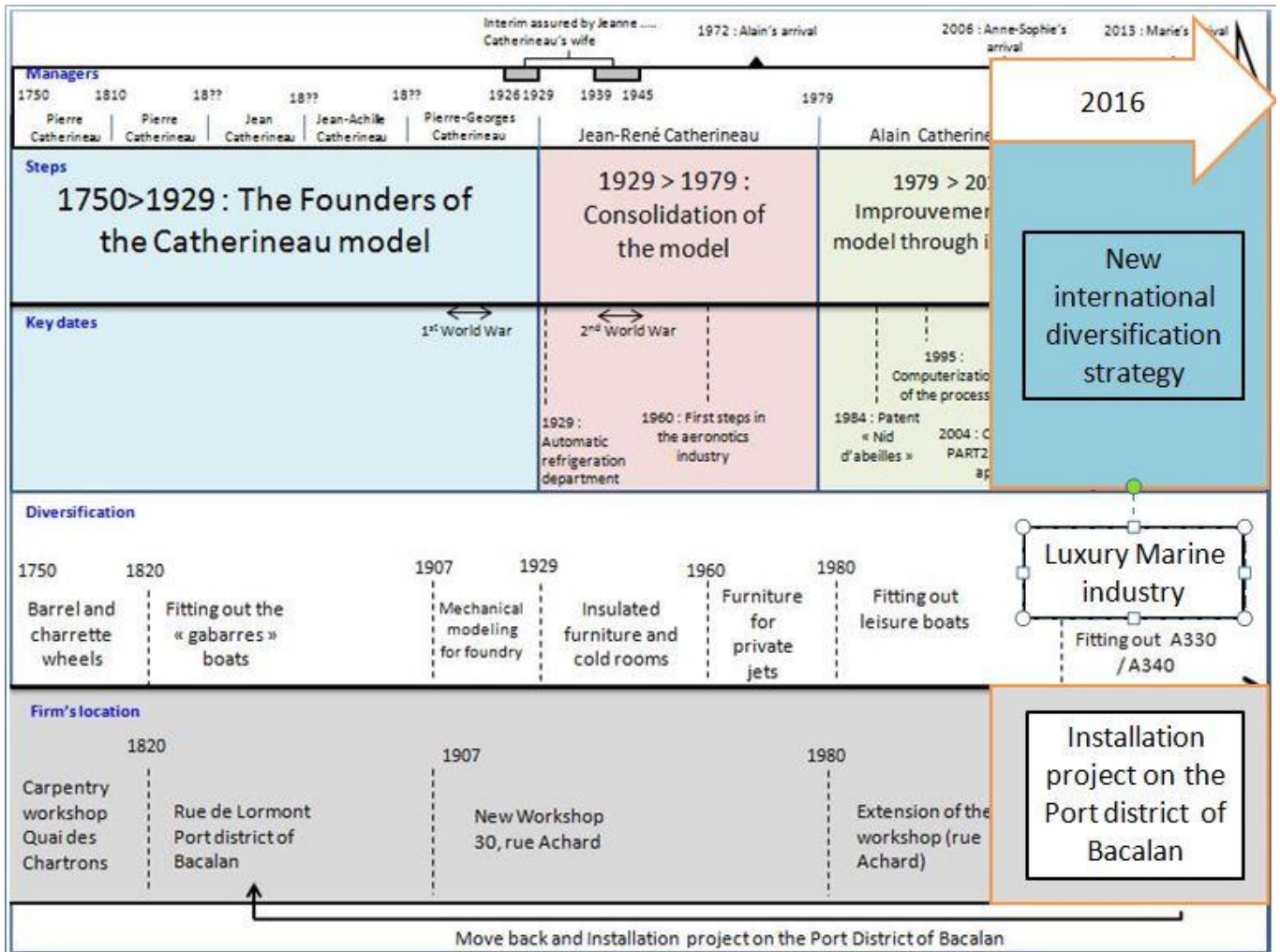
# CATHERINEAU

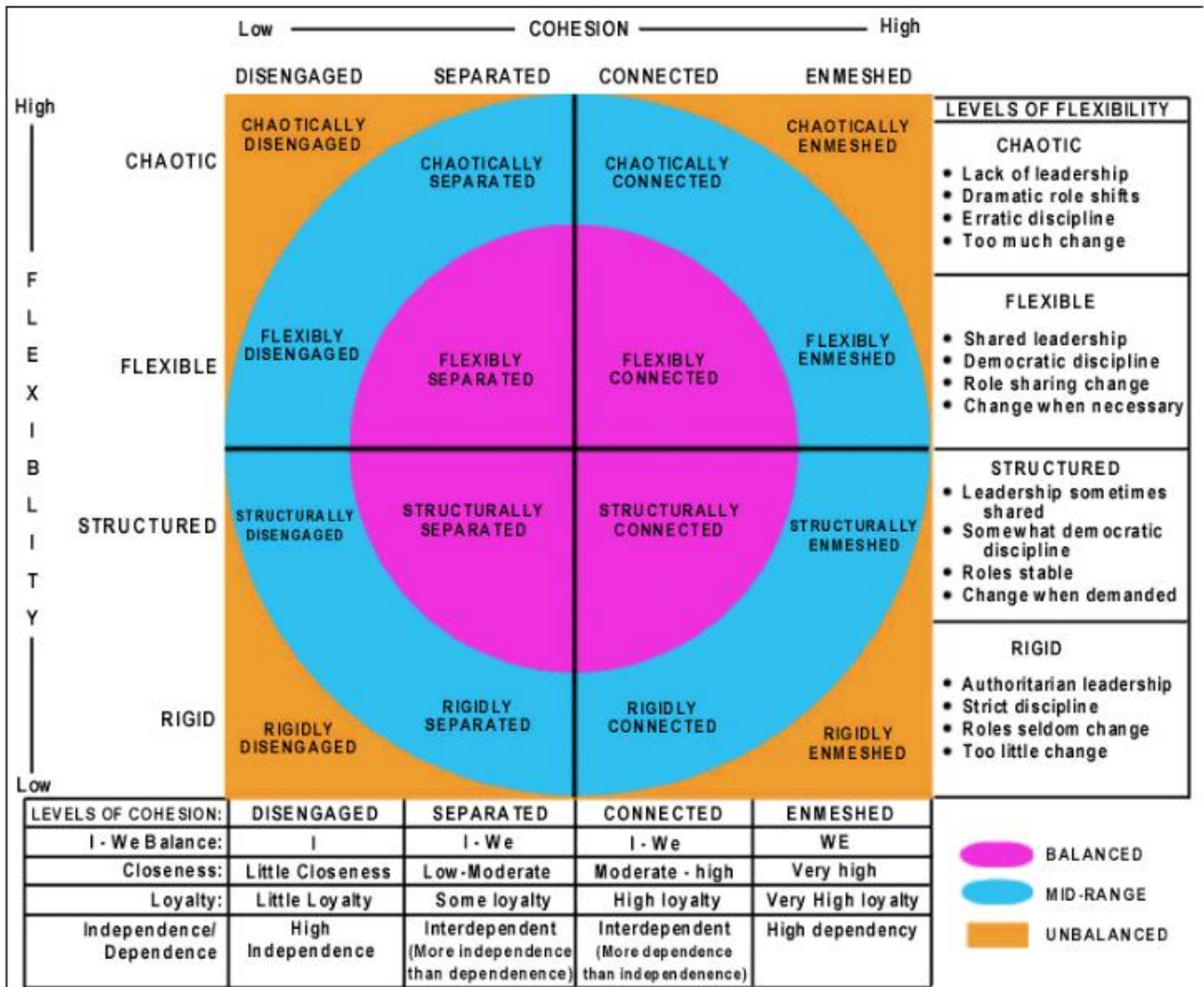
## The steps of developing the strategic model

- 1750–1929: the founders: Pierre; Pierre; Jean; Jean-Achille and Pierre-George, the statement of the Catherineau model.
- ● 1929–1979: Jean-René: the consolidation of the model.
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Source : Olson, 1991

Catherineau (in numbers)  
In 2016

Sales figures	9 000 000 €
Employees	90
Factory premises	4 600 m <sup>2</sup>
Share capital	38 112 €
Number of aircraft and helicopter interior fittings since 1970	2000



De gauche à droite, René Bonnefond, Jean Catherineau, Camille Dupuch, Emile Allain, Ardouin, André Goujon, Fernand Catherineau, Abel Estrade, Conderanne, Marcel Despaux, M. Bureau, Roger Catherineau, Iparte - 1932

*Atelier Catherineau (1932)*



*Ateliers Catherineau (2016)*





*M. Perret et M. Minkendorfer sacrés meilleurs ouvriers de France en ébénisterie*



*Comlux\_Airbus\_ACJ320\_VVIP\_interior*



*Mobilier Hélicoptère H225*



*Cabine de douche Falcon*



*Made by Catherineau- Presidential Airbus A340*