

- [European Industrial Relations Dictionary](#)
- [EurWORK publications](#)
- [Working life country profiles](#)
- [Case studies](#)
 - [Attractive workplace for all](#)
 - [Ageing workforce](#)
 - [Workers with care responsibilities](#)
- [Database of wages, working time and collective disputes](#)
 - [Dispute resolution](#)
- [News](#)
- [Events](#)

The tripartite EU agency providing knowledge to assist in the development of better social, employment and work-related policies

You are here

- [Home](#)
- [Observatories](#)
- [EMCC](#)
- [ERM](#)
- [Restructuring in SMEs](#)
- [Cinoco Group, Belgium](#)

Cinoco Group, Belgium

- Type of restructuring:
Business expansion
- Employees before restructuring:
10-49
- Employees after restructuring:
50-249
- Nace/Sector:
Retail
- Country:
Belgium
- Date:
07/06/2012

Abstract

Belgian drinks company Cinoco group acquired a competing company, Le Palais du Vin, in a business expansion. Potential synergies were identified between the two companies, mostly in the back office operations – accounting, financial services and IT services. Insofar as confidentiality permitted, all concerned parties were kept informed of developments – employees through regular internal information meetings; partners, clients and suppliers, individual letters. Concerted efforts were made to create a common culture for the two companies – a challenge, given that both were long-established. No staff were laid off, any reduction in head count coming from retirements and one resignation. Remuneration was left untouched for both companies.

Organisational profile

Background information on the company

The C.I. Nolet & Co. Group (Cinoco Group) is a family business originating in 1691, the date of the foundation of the Nolet distillery in Schiedam, the Netherlands. In the 19th century, Charles-Hubert Nolet de Brauwere, the family member in charge of the distillery, moved to Belgium where a part of the Nolet de Brauwere family settled. His son, Charles Nolet, extended the activities of the distillery to the distribution and representation of French wines and champagnes in the early part of the 20th century. In the aftermath of the Second World War, the Cinoco S.A. company was incorporated in Brussels (1958).

Today, the Cinoco Group owns five companies: Cinoco S.A., Le Palais du Vin S.A., Bodega, FX de Beukelaer and a Luxembourg subsidiary, Maxivins Lux. The consolidated turnover of the Cinoco Group is, on average, around €32 Mio. The current total number of employees is 60. The two most important entities of the group, Cinoco S.A. and the Palais du Vin S.A., are two separate companies, with two different names and having two separate and independent sales and marketing departments. This dual legal entity is due to the specificities of the industry: it is not allowed to put competing brands under the same flag. Synergies occur mainly at the level of back office.

The Cinoco Group is active in the sector of wines and spirits wholesale trade, with a focus on distribution in Belgium. Cinoco offers to the market *Grands Crus* and other brands of wine, spirits and liquors as well as supporting services. 95% of the clients are based in Belgium, including specialists, wholesalers, the hotel and restaurants sector, supermarkets, catering and other companies and private persons. Over the last three years, the turnover more than doubled: rising from €15 to €32 Mio.

In 2004, Gilles Nolet de Brauwere van Steeland (tenth generation) takes over the general management of Cinoco Group. Mr Nolet had prior professional experience as a Business and Development Director – hence in restructuring – in international large companies. Back then, the company had around 40 employees and a turnover of around €150 Mio. In 2008, Cinoco S.A. bought Le Palais du Vin S.A. for a price of €14 Mio, which is the restructuring event for the purpose of this case study. This acquisition almost doubled the size of the company and its turnover.

The average age of employees is 46 years old. A few employees keep on working (on special arrangement) after retirement. Women account for only 18% of all employees. Around ten persons have a university degree, including a couple with a master's degree. Around 20% of workers have a vocational training diploma. The rest of the workforce has no higher degree, in some cases no degree at all. A third of employees are blue-collar workers.

The Nolet de Brauwere family owns 65% of the group. The French family company Bollinger owns 10% of the group while French group Marie Brizard (MB) owns 25%. It should be noted that MB purchased its share in Cinoco Group in 1995 when MB still qualified as a family-owned company: as Marie Brizard has a 25% share in Cinoco Group, the two companies must be considered as partner enterprises. Therefore 25% of Marie Brizard's turnover (which is around € 300 Mio a year) should be added to that of the Cinoco Group to calculate the company's group as defined under Recommendation of 5 May 2005.

This means that, theoretically and legally, the Cinoco Group does not qualify as an SME, while the family holds owns 65% of the shares and has four out of six seats at the Board of Directors.

Half of the family holding is controlled by Mr Nolet and the other half by his older brother – who is also the manager of liqueur company FX de Beukelaer. Mr Nolet and his brother have regular conversations on general management matters, but neither brother interferes in the management matters of each other.

Finally, there is no works council at Cinoco Group as legal thresholds for a works council obligation within Cinoco S.A. and within Le Palais du Vin S.A. are not met.

Background information on interviewees

The educational and professional background of Mr Gilles Nolet de Brauwere is interesting as it certainly had an impact on the restructuring event itself and on how it was carried out (as shown below).

Mr Nolet has two university degrees that he obtained in parallel: a degree in law and a degree in economic sciences. While he has never practiced as a lawyer, his knowledge of the law allows him to understand and master legal issues companies commonly face, including when restructuring (legal structure of financial relationship with banks, legal framework applicable to mergers and acquisitions, and so on).

Mr Nolet's main professional experience before joining the Cinoco Group is in IT, finance, general management and in business and development, including several positions as Business and Development Director, thus in mergers and acquisitions, which is the precise nature of the restructuring in the present case study. Mr Nolet has almost ten years of international professional experience abroad, including in Germany (Frankfurt and Hamburg) and in London. He also has some experience in the banking and finance sector, as Business Development Director for a subsidiary of the Deutsche Bank Group, ALD GmbH, in Hamburg.

Besides his law degree, Mr Nolet has additional degrees/diplomas: an Executive Masters in Management from the Solvay-ULB Management School of Brussels, a diploma in Finance Management from the Vlaamse economische Hogeschool Brussels, and a diploma in company law from the Vrij Universiteit Brussels.

The interviewed employee, Fanny Vigneron, is 34 years old. She has been working for the Cinoco Group for over three years and a half, as Customer Services Manager. Beforehand, she worked in a large company active in the transport sector. She is a graduate in law and literature.

Background to restructuring event

The type of restructuring event is the acquisition of a competing company, Le Palais du Vin, which at the same time, corresponds to a business expansion. Mr Nolet identified several triggers to this event, including:

- Personal preferences resulting from his background in finances and in business development, including his personal vision, his openness to identify and grab such an opportunity, and his own passion to accomplish the restructuring process;
- to expand externally by doubling the company size;
- The 'once-in-a-lifetime' aspect of the transaction, resulting essentially from the fact that the acquired company was located close to the seat of Cinoco S.A. and from the fact that the premises of Cinoco S.A. were sufficiently large to accommodate Le Palais du Vin's own stock.

Restructuring processes

The restructuring process went from the end of 2007 until the end of 2009 and beyond, and includes the following steps:

- November 2007: management was informed of the bid to acquire Le Palais du Vin and focused its attention on this specific issue. Cinoco then issued a letter of intent;
- From January 2008: negotiations with counterparties and banks, which, according to Mr Nolet, went quite well (due to the excellent reputation of the company and of Mr Nolet and the excellent track records of Cinoco Group for the years 2004–2008);
- July 2008: finalisation of the transaction;
- Early 2009: arrival of Fanny Vigneron, external to both companies, as an employee responsible for customer services, notably in charge of integrating activities;
- February 2009: arrival of La Maison du Vin's employees at Cinoco's premises;
- From May 2009: launch of integration process.

Mr Nolet explains that the restructuring process followed a well-defined structure. First, Mr Nolet started to openly look for external growth. When the opportunity arose, the negotiation process followed a structure that is commonly followed in merger and acquisition processes (letter of intent, due diligence, parallel negotiations with banks, etc.). Mr Nolet's own international experience proved very useful to carry out such a process, notably with respect to the identification of potential synergies between the two companies. Synergies occurred mostly at the level of back-up office, namely accounting, financial services and IT services. In this respect, Ms Vigneron explained that the synergies between the two IT systems was a delicate and important issue that took months to be completed. One facilitating factor for this completion was the fact that both companies used the same IT system, albeit at different level of implementation. The merger of the system resulted in increased efficiency/return.

External and internal communication was also structured. The management was transparent towards employees as soon as confidentiality of negotiations was alleviated, notably by organising internal information meetings on a regular basis. Communication with partners, clients and suppliers occurred after confidentiality of the transaction was lifted, by way of a few press releases and, most importantly according to Mr Nolet, by way of individual letters addressed to each external party, cosigned by Cinoco and Le Palais du Vin.

No social negotiations took place during the process due to the absence of a work council. Numerous legal obligations applicable to transfer of activities (*transfert de branche d'activité*) under Belgian company law had to be followed, such as announcements and letters to all employees, for example (or the announcement of the transaction in the *Belgian Gazette*, for example). This was well done through an open and transparent communication to all workers of both companies right from the start. This direct and open communication played a positive role in the restructuring process.

Ms Vigneron joined the group at a critical point during the restructuring process. She was chosen for the position as she was neutral towards both companies. One of her missions regarding the restructuring process was to 'erase borders' between the two companies, to make sure employees from both sides developed a common company culture. As both companies were 'old' companies with established and long-lasting reputation, this was seen as a challenge back then. She was deeply involved in managing human resources and teams during the acquisition deployment, so she was in a position to report on the impact of the acquisition on the workforce.

Mr Nolet insisted that the small size of the firm facilitated the whole process: the small size allowed for a rapid gathering of company-related information when needed as well as a rapid diffusion of information. The absence of strict and formal reporting lines – besides reporting to the Board of Directors of course, is viewed as a facilitating factor.

Challenges and constraints of restructuring

Overall, Mr Nolet believes the restructuring process went well. He does not report any specific issue, beside the elements that are SME-specific identified in this report.

Ms Vigneron confirms that the restructuring process was well implemented; and that the management implemented change in a 'delicate' and humane way. The working atmosphere before and after restructuring was excellent and employees are highly motivated, according to her. She sees a positive factor between this and the productivity of the company, which she regards as being high. Today, employees have the feeling of working for a common cause and being part of the same family. The Managing Director, Mr Nolet, is well respected among the workforce.

Restructuring advice and support

The acquisition of Le Palais du Vin was done on the basis of own resources and on the basis of a loan, granted by two banks. The prior experience of Mr Nolet with business and development and with the financial and banking sector, as well as additional skills (such as negotiation skills), greatly contributed to the success of relationship with banks. The reputation of the company, that of the family and the personal and professional track record of Mr Nolet himself, including subsequent reputation, also contributed positively. Moreover, since his arrival at the top of the company in 2004, Mr Nolet had made a substantial work on improving the company's financial situation, which also is viewed as a positive factor.

It appears from the interview that the personal and professional skills of the Managing Director greatly contributed to the success of the process. Mr Nolet was furthermore supported by two experts, one lawyer and one auditor, who are both close acquaintances of Mr Nolet. Thanks to these personal ties, Mr Nolet benefited from preferential fees. Mr Nolet explained that the rates of external experts (M&A lawyers, financial counsels, etc.) are usually prohibitive for SMEs. He further stated that SMEs commonly lack the human and technical expertise for carrying out restructuring procedures.

Outcomes of the restructuring

The outcome of the restructuring is viewed as positive as it allowed for a substantial increase of the group's turnover and workforce. The remuneration of the owners also increased, but Mr Nolet highlighted that, following conditions imposed by banks (mentioned above), the company dividends were reduced by a third. Mr Nolet views this as a specific feature of SMEs, which does not occur in larger ones.

The restructuring went according to the plan and was in line with Mr Nolet's own experience of business development.

As far as employees are concerned, they too benefited from the acquisition as new positions were defined, training was offered to those in need of it, and so on. The definition and the allocation of employee tasks was one of the specific mission allocated to Ms Vigneron: she had to work with every employee to identify and define work and assess where change could be implemented in order to benefit from synergies.

Moreover, there was not a single lay-off. In the aftermath of the restructuring, there was a downward adjusting of ten working units, but these resulted from several retirements and one termination of function upon common agreement. Remuneration was left untouched for both companies.

Commentary

As mentioned above, Mr Nolet identifies numerous elements that are specific to SMEs when restructuring, some of which are positive, while others are negative, including:

- Impact of personality and professional background of the Managing Director on the success and/or failure of restructuring processes;
- Absence of social negotiations for those SMEs not fulfilling thresholds under social laws;
- Personal ties;
- Lack of access to human resources and expertise;
- Reduced reporting lines;
- Facilitation of information circulation to both communicate information and retrieve relevant information that is necessary for carrying out the restructuring process;
- Heavy and counter-producing administrative requirements, including when restructuring.

Moreover, the human factor is important for SMEs undergoing a restructuring process. According to him, there is a lot of bi- and multi-lateral work (communication) to generate trust among the workforce, which is less true for larger corporations. Retaining talents is also a challenge, especially for SMEs, who suffer from issues of under-valued work in general and in comparison to larger companies.

Mr Nolet puts forward several recommendations for the attention of policy-makers:

- Reducing administrative burden as much as possible: resources in SMEs are limited and time and resources are wasted on administrative paper work on a regular basis, but also during restructuring process. Some useless administrative requirements may be particularly burdensome for SMEs.
- Thresholds for being subject to heavy social obligations (work councils, etc.) should not be lowered at all costs. This would bring no benefits and hinders/prevents the open and direct communication existing in SMEs.

Ms Vigneron identifies the following SME-specific elements regarding the restructuring process:

- The importance of the human factor: a large number of employees are reluctant to change and show fear and defiance regarding the process. Management needs to make extra efforts to communicate with them and to reassure them. She confirms that Mr Nolet and the management were transparent. Moreover, they announced a process at the first opportunity, which was then followed and respected, and this generated trust and respect towards management.
- SMEs require people to be multi-skilled, not limited to one's job description. People need to be flexible, especially during reorganisation of work that follows restructuring events.
- Restructuring events have a positive impact on employees, as those who face the event and successive changes and subsequently adapt to them see their self-confidence increasing. She provides the specific example of her own assistant, the Assistant to the Customer Services Manager. In the past, this person had limited responsibilities if not no responsibilities at all. Following work-reorganisation this person took over new tasks, then responsibilities. The progresses made by this person were so important that this person is now able to work as a back-up to her when needed. She, herself, benefitted from the process.
- Restructuring impacts on employees in several ways. For instance, some are delocalised, and this can impact on their daily lives.
- Keeping talents in the company is a challenge for SMEs. SMEs need every member of staff and the loss of people, especially good ones, can be costly for the company.

Ms Vigneron explained that there was no real social element during the process. The process went smoothly, employees were well informed, there were no lay-offs, so there was no issue in this respect.

Author

Cécile Musialski, Philippe & Partners

Information sources

Interview

Gilles Nolet de Brauwere van Steeland, Managing Director and Fanny Vigneron, Customer Services Manager, Cinoco Group

Company website

<http://www.cinoco.com/>

- [European Monitoring Centre on Change - EMCC](#)
 - [About EMCC](#)
 - [European Restructuring Monitor](#)
 - [About the European Restructuring Monitor](#)
 - [Restructuring events database](#)
 - [Restructuring support instruments](#)
 - [Restructuring related legislation](#)
 - [Restructuring case studies](#)
 - [ERM publications](#)
 - [European Jobs Monitor](#)
 - [Labour market research](#)
 - [Case studies](#)
 - [Future of Manufacturing in Europe \(FOME\)](#)
- [European Observatory on Quality of Life - EurLIFE](#)
- [European Observatory of Working Life - EurWORK](#)

Quick links

- [Legal information](#)
- [Data protection](#)
- [Environmental policy](#)
- [Cookies](#)
- [Subscriptions](#)
- [Multilingualism](#)
- [Templates for Eurofound reports](#)
- [Eurofound style guide](#)
- [Management Board extranet](#)
- [Map - how to get to Eurofound](#)
- [FAQ](#)
- [Sitemap](#)

Social media

- [Find us on Facebook](#)
- [Follow us on Twitter](#)
- [Follow us on LinkedIn](#)
- [Subscribe to our YouTube Channel](#)
- [Subscribe to our RSS feeds](#)

Contact us

Eurofound, Wyattville Road, Loughlinstown, Co. Dublin, D18 KP65, Ireland

Phone: (00) 353 1 2043100

E-Mail: information@eurofound.europa.eu

Press: media@eurofound.europa.eu



[MEMBER OF THE NETWORK OF EU AGENCIES](#)



[EUROFOUND ACHIEVES EMAS REGISTRATION](#)



Eurofound is an agency of the European Union

- [Access to internal documents](#)
- [Financial information](#)
- [Archives](#)
- [Information centre](#)
- [RSS feeds](#)

© Eurofound 2023

[Top](#)