

TheMover

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**MCGIMPSEY
REMOVALS
BREAKS
WITH MALE
SUCCESSION**

Page 12

**EBRU DEMIREL
BECOMES FIDI
PRESIDENT**

Page 32

**IS IT TIME TO
RETHINK PRICING?**

Page 36

**FOCUSSING
ON FAMILY**

An interview with Alain Taieb,
Chairman of Mobilitas Group. [Page 26](#)

FOCUSSING ON FAMILY

An interview with Alain Taieb, Chairman of Mobilitas Group, by Steve Jordan.

It was a bright and sunny day when I set off to interview Alan Taieb the Chairman of Mobilitas Group, at his London home. Alain sits at the head of one of the industry's largest moving empires. We had only met, in passing, so this was to be a new experience for us both.

The Mobilitas Group (Mobilitas is Mobility in Latin) came into being 20 years ago when AGS embarked on a process of growth through acquisition and needed a separate holding company. Today the Group employs 4,500 people and includes the iconic names of Pelichet, Stuttford, Pickfords (South Africa), Magna Thomson, Froesch, Unigroup (Asia), Four Winds and others as well as, of course, AGS from which the flower bloomed.

The early years

AGS was started in 1974, in Paris, by Alain's parents: André and Sarah with one truck and a large helping of determination. André was a hands-on operations man, whereas Sarah handled the money and managed the business. The name came from the first initials of their three sons: Alain, Gilles and Simon. Their daughter, Joelle didn't have her initial in the company name but is the only other of the siblings still involved in the industry and her son, Cedric Castro, is now CEO of the Mobilitas Group. "So there is a revenge, no!" Alain quipped.

Asset heavy against the trend

He said that Mobilitas had its own companies in most countries worldwide because it allowed them to operate at all levels. "If you want to really get inside a market you need to have a company," he said. "If you have your own company you cannot only do international moves but domestic moves, hospital moves, office moves and storage. Many companies have done the same, but we are now becoming the only one set up in this way."

While many large companies have been shedding assets as the super-flexible move management and relocation models have taken hold, Mobilitas has taken a different

approach. "We do move management and relocation, but have decided to remain a mover," said Alain. "We are asset heavy because we are a family business and we want to remain that way. If you want to sell your business, you need to be flexible. We don't have this plan. We are now at the third generation who are happy to work with the company. We have a strategy for the business and one for the family. Our aim is to secure real assets for all the members of our family as an investment for the future."

The Mobilitas Group currently has 105 properties, 40% of which are on the company books, the remainder are in the names of the children. "When you have such a portfolio, getting cash from the banks is easy," said Alain. His aim over the next 15 years, is to double the number of properties up to 210.

Succession

I asked Alain about succession and how he felt about handing over the business to the next generation. He said that for him his greatest achievement was to start something, then let go. "I think, that's great, they don't need me. That's my success." Not everyone thinks the same way. Alain says that some might be stupid, but believes many are just afraid. "They have built their lives too much around the business," he said. "They are afraid to leave the business and have an empty agenda. They don't have any plan for after." Alain believes he has found a third way ... of which more later.

Acquisition strategy

I wondered about Alain's strategy when buying companies. How did he choose them? He said that the company had always had a policy of growth. "If you have a little ambition you grow more than others," he said, which seemed to be something of an over simplification. Alain said that in smaller markets, if there is nothing to buy, he would start from scratch as AGS. In large, advanced markets it could take years to build a business, so then he sees who is



already there. When he bought the Laser Group from Dennis Kaye it was already a multi-brand concept and people were concerned that AGS would disrupt the market. But that was never the plan.

He is not protective about the AGS name, he does what is right for the business. "I am not AGS, I am a family business investing in an industry that I know well. We are business oriented, not emotional." He did start AGS in South Africa, so that the company would be represented in all 54 countries, but all the brands are kept separate, internally and externally. "It was in our interest to be loyal and honest with all the brands," he said. "We had to explain to the market so that people would give us a chance, then build trust. The name is part of what you have bought. Why would you want to change it? We need to be local and we need to be global."

The Mobilitas contribution

I asked Alain how Mobilitas is perceived and what does it provide? He said that very few people know Mobilitas because the



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business promotes its brands not the holding company. However, Mobilitas does provide the long-term stability that comes from a family-owned business, has the buying power to help its brand companies select and buy assets well, provides support for management and legal services, and provides the scale to enable the recruiting of the best people. We are very manpower oriented,” said Alain. “We need people of

different cultures, with different languages, in different places. If you don’t have the right size, you can’t recruit the right people.”

Staff retention

Of course, keeping people is important too, and increasingly difficult as they become more mobile and the world shrinks. Why does Alain believe that people stay with him? One of the reasons is that he still sees

his company as a small family business that approaches problems in a practical way. He can’t just throw money at a problem; he gives people the authority to work through them and be innovative. “I don’t necessarily look at the result, I look at the behaviour of people. Are they courageous, are they fighters, are they learners, do they cope or do they hide? I don’t mind if they can’t solve a problem, as long as they ask. We don’t want problems swept under the carpet.” People enjoy this freedom and opportunity to stretch themselves.

The secret of success

Why has his company been so successful in just 50 years? Alain is characteristically modest and admits that there is always an element of luck. But he has a principle: “If everything is quiet, everything is working, everything is perfect ... what’s wrong? I am not crazy, I know my limits, but I always want to move on.” He knows he will not feed the next generation with only moving. So, he remains open minded and prepared *continues on next page*



continued from previous page
to diversify. He knows that the industry is changing. At Mobilitas meetings they continually ask 'What do we want to do? Where do we want to go? Where do we have to go to make sure we are in the right place in ten years' time?'. Does he know the answer? "No!" he said. "I would like to have a completely new activity with new technology. We need to work on that. We have made a start. It's a ballistic game where everything is moving."

Eroding margins

I asked Alain how the industry can stop the erosion of margins that has plagued its members for many years. He said he doesn't know. Companies can say no to the big bookers but eventually they will give way. "You will always have small businesses with low overheads that feel it's better than nothing," he said, acknowledging that his company was once such an organisation. "They need to feed their families and we should respect that. Then you have people who are always fighting, they just want to win and don't know their margins."

He believes that it is the middle-sized companies that are really under threat because they have overheads and the market won't support them. Is he optimistic or pessimistic about the industry? "For the

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industry as it was before, I am not optimistic. It's a pity we don't have more strong companies to maintain the momentum. The big relocation companies have had a huge negative impact. It seems now you have to be very big or very small. It is killing ambition."

Africa 54

AGS hit the headlines a few years ago when it successfully opened offices in all 54 countries in Africa. With hindsight, was that a good business decision? Alain said Africa 54 had been good for the company but had focussed the world's attention on Africa, while hiding its coverage elsewhere. Some countries were a challenge. In Chad, for example, they lost money for the first four years but then bought their nearest competitor. Shortly after, oil was discovered in Chad and everything took off. "You must not give up too easily, you never know what will happen. Be patient."

The USA

I asked a question that many have asked Alain before: will he ever open in the USA? He was emphatic: he would not, and he pointed to all the companies before that had tried and failed. "We receive \$50m of business from the US agents. There is no company in North America that controls more than 5% of the international market. If we go to the US all the American agents will stop shipping to us. If I am arrogant enough to think I can be number one in the USA, I will get no more than 5% of the business. I will lose more than I will gain even if I become number one, which I can never be."

Trade groups

Many of Alain's companies are members of trade associations, specifically FIDI and OMNI. Does he believe these organisations provide value to his organisation? "Definitely," he said. "We are a group but we behave like a mover. We have a lot of business from most of the agents. What is good in the industry is the contact between people. It makes it easy to resolve issues."

He said that the benefits were not just about day-to-day business but could often be about acquisition or specific joint projects. "It's entrepreneur to entrepreneur. There is always a question about cost, but we are happy to be members."

The biggest risks

What are the biggest risks in the industry today? "You are not in a quiet landscape," he said. "You have competitors who have ideas that you don't have or you have too late." He is concerned about the way in which some domestic moving companies are trying to 'Uberise' moves with technology and believes that it should be taken seriously. "This is very dangerous because it is killing the margin." He believes that it will not be long before it affects the international business as well. Talking about the Amazon business model, Alain believes that the moving industry will have no answer when it comes. "You can be the best company in your area for five decades but they get the clients and they can kill you whenever they want. They are so big and powerful that you cannot follow them."

The job

As head of the company Alain does not get involved in operations any more. He is now 65 and he understands that the rest of the family needs to use their talents to take the company onwards. But he is not planning on retirement as such. Adding 105 properties to the portfolio in the next 15 years is a task in itself. He also buys a company roughly every two months so there is a constant pipeline of acquisitions in progress. It keeps him busy but he knows that, at some stage, he must pass this side of the business over as well.

His success allows him to split his time between living in South Africa, Europe and his passion for sailing. He realised many years ago that 90% of his problems came from operations and 90% of the profit came from property. But he never loses sight of the reality. "One has generated the other, you should not forget this."