

## Infrabel demonstrates ‘meaningful’ growth

By focusing on good governance, and in particular ‘people governance’, today, Infrabel has grown into a profitable forward-thinking company that is committed to offering better, quality services. Infrabel’s CEO Luc Lallemand outlines how the company’s work ethos has evolved over the years.

By Jon Eldridge

### What were the events that led up to the founding of Infrabel?

Luc Lallemand: In 2002, dark clouds were gathering over the former SNCB. We were going into debt over €10 billion and reported an annual operational loss of almost €200 million. Logistics group ABX – a subsidiary of the SNCB Group – was almost bankrupt. Moreover, the company structure had been in violation of European legislation for the past ten years. A drastic change was needed. The appointment of a new executive committee in 2002, chaired by Karel Vinck, proved to be a real turning point. Our mission was twofold: one was to break even in three years, and two was to reorganise the company, implementing deregulation measures in the railway sector similar to those implemented in the electricity, post and telecom sectors.

And it was a great success. We achieved a growth of about 20% during that period. At the same time we were forced to reduce our payroll by 6,000 full-time employees, but without making people redundant. Following the deregulation of its cargo segment, Infrabel attracted several new customers. While in the beginning our client portfolio included only SNCB as an operator, we now have CrossRail, Fret



SNCF – a subsidiary of the SNCF Group in France – Veolia Transport, Transport and ERS Railways, and other licensed customers who are not yet operating on our network. Today, Infrabel is an independent and financially healthy company. I think that is quite unique in Europe, because it is still difficult to make a profit in the railway sector.

### How would you characterise your business? How is it structured?

Infrabel is a €2.5bn business, with €1.5bn in profit and loss account and €1bn in network investments. The company has tracks stretching over 3,500 km, of which 314 km are high-speed lines – we were the first European country to complete our high-speed network – and we employ some 12,700 people.

Our system of governance is rooted in four ‘inspiration sources’. First, we have specific Belgian legislation in the railway sector that must be observed at all times. The second is the corporate gov-

ernance code (“le code des sociétés/het vennootschapswetboek”), which is the same code for every limited company. Third, we have the internal governance system of the SNCB Group to ensure that Infrabel remains independent from the rest of the group and acts in a non-discriminatory way vis-à-vis other operators. And finally, ‘people governance’ is an integral part of Infrabel’s corporate governance model.

### Which people governance principles are applied by Infrabel?

Above all, one should never forget that a company is an organisation working with people that is temporarily structured around a common goal or goals. In order to surpass individual ambitions and expectations and to transcend them in a joint project, it is essential that each employee, regardless of his or her level within the company, clearly understands the meaning of his or her actions, i.e., his or her contribution to achieving the organisation’s goals. This is the first people governance principle that we apply: To give meaning.

Moreover, we have intuitively fostered and encouraged this principle since Infrabel’s creation in 2005 by inviting people to think about this in order

to clarify our organisation's vision, missions and values. We did this by conducting a widespread survey at all management levels. The outcome was our BRIO Strategic Plan, which includes 23 priorities. At the same time, we have managed to define three generic behavioural competences that apply to each of our employees: change management, a customer-oriented approach and acting in the company's interest.

We progressively defined the other key principles of People Governance. These are integrated in a larger framework according to which every decision-making process and each decision creates an opportunity to allow Infrabel's corporate culture to further evolve. In practice, we have identified six additional principles, besides the first principle. I will briefly elaborate on two of these.

First, there is the principle of "learning by co-opetition". This reminds us of the fact that we are now operating in a competitive environment, which also creates opportunities for learning. Healthy internal and external competition must be encouraged as we are convinced that it pushes our employees to surpass themselves, to learn and to find original win-win solutions.

Next, there is the principle that invites us to draw inspiration from the world around us. It goes without saying that we have to remain humble and apply this principle very carefully. We expect each colleague to make his or her decision in such a way that it has a positive impact on our environment.

This general reflection on our governance system must, of course, be continuous. Today we are realising this by integrating these principles, our values and our generic competences in a shared leadership model for our company.

### Can you give examples of this guiding principle in practice?

To give meaning implies that we have to communicate and combine our efforts. As a result, let me stress the importance of what I like to call "motivational" communication. In the margin of the definition of our Strategic Plan and in line with the themes proposed by our Board of Directors, I organise seminars with our top-level management, information sessions with all of our managers on a regular basis and I also regularly take part in sessions in the field. I systematically ensure, with my management team, that every one of our employees in Belgium is aware of our Strategic Plan.

To that end, I have ensured that each manager is properly informed in order to be able to transmit these key messages. In this frame, we have put in place a dialogue process concerning these objectives – called "feedback" – in order to clearly link our missions, our objectives, the results and resources at everyone's disposal to better rise to the challenges our company faces. It also directly links respect for values, the achievement of objectives and the variable compensation of our management.

This process marks somewhat of an upheaval for the company as it requires an effort on behalf of everybody as regards availability, openness and dialogue. Nevertheless it is a crucial, confrontational and necessary exercise to unite every one of our workers around a shared project.

### How do you manage the transformation of the company?

A corporate culture is only efficient when it is in line with the challenges to which the company has to rise. In this frame, Infrabel is determined to ensure that its rich corporate culture

evolves, without being completely overhauled. Moreover, it is a major asset for our organisation.

As a result, we do not have to rely on external managers for change management for example. For each organisational level I adopt a methodology that is seemingly simple and yet quite exacting and which consists of three stages: Participate/Decide/Act.

Infrabel thus takes action to support the development of its corporate culture while combining the requirements of corporate governance, business ethics, corporate social responsibility and empowerment. Because Infrabel hopes, above all, to be able to rise to every challenge thanks to its people. Each responsible worker will develop his or her own leadership in line with his or her increased autonomy. This autonomy involves high-quality reporting to his or her manager. Moreover, the employee's competences will multiply, thus improving his or her performance and wellbeing. Finally, these new requirements also correspond to the evolution of the corporate culture of future employees: really committing to one's work while fully taking one's individual responsibilities, based on team spirit and a sense of responsibility.

The railway world is shifting from a cooperative environment to a situation of partial competition. In order to ensure a harmonious cultural transition, work methods will progressively entail a spirit of co-opetition expressing a balanced compromise between a spirit of cooperation and competition.

Today we are once again speeding up our transformation – together.