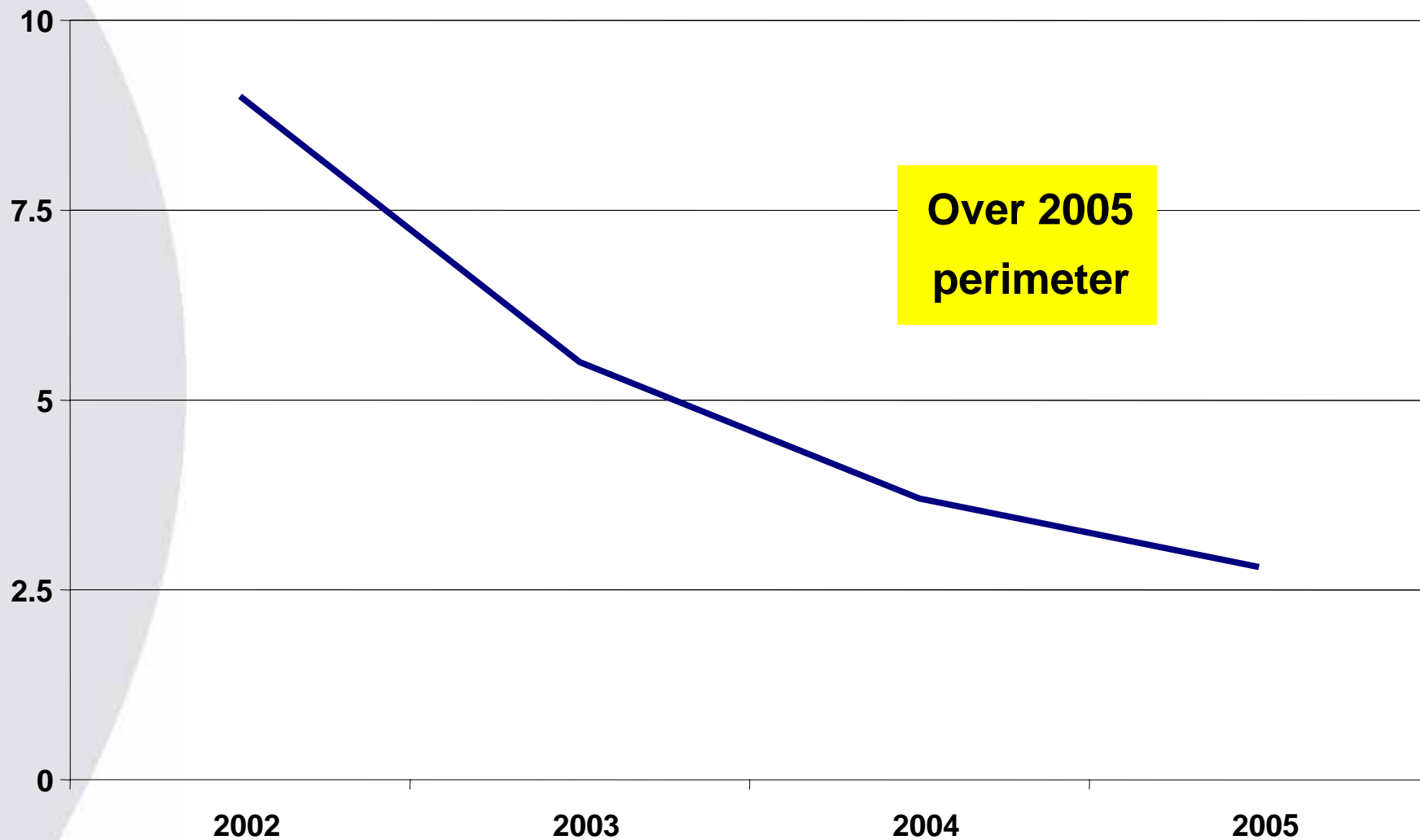




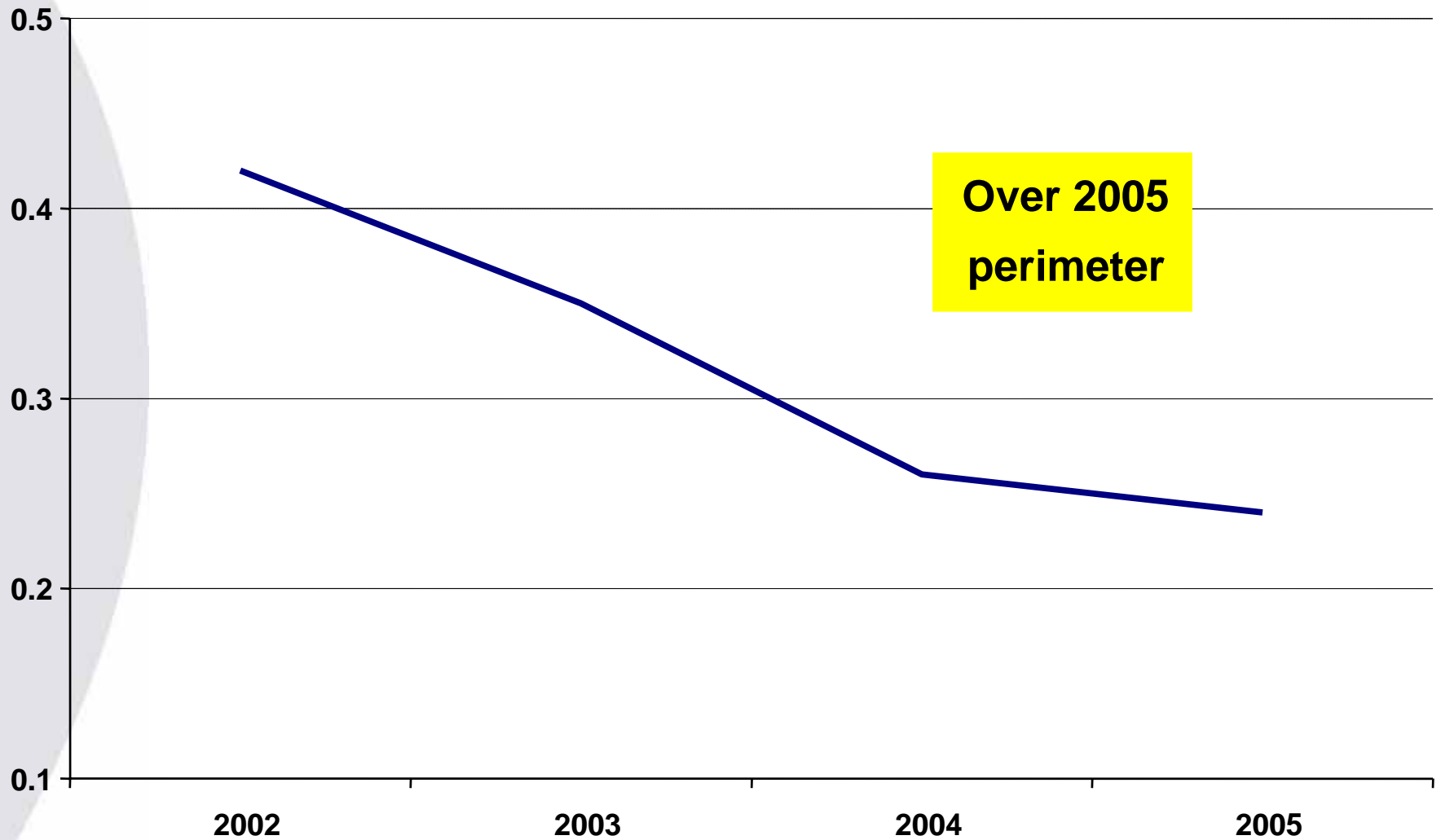
# **Raising retirement age, a real-life case study in the French steel industry**

**Berlin, October 13<sup>th</sup>, 2005**

## Frequency Rate



## Severity Rate



1974

危机

50

**For 16 years**

- More than 20 000 people concerned
- At a cost of more than 15 billions euros
- Early retirement became a vested right
- Early retirement is **addictive**

# 1988: a problem

50



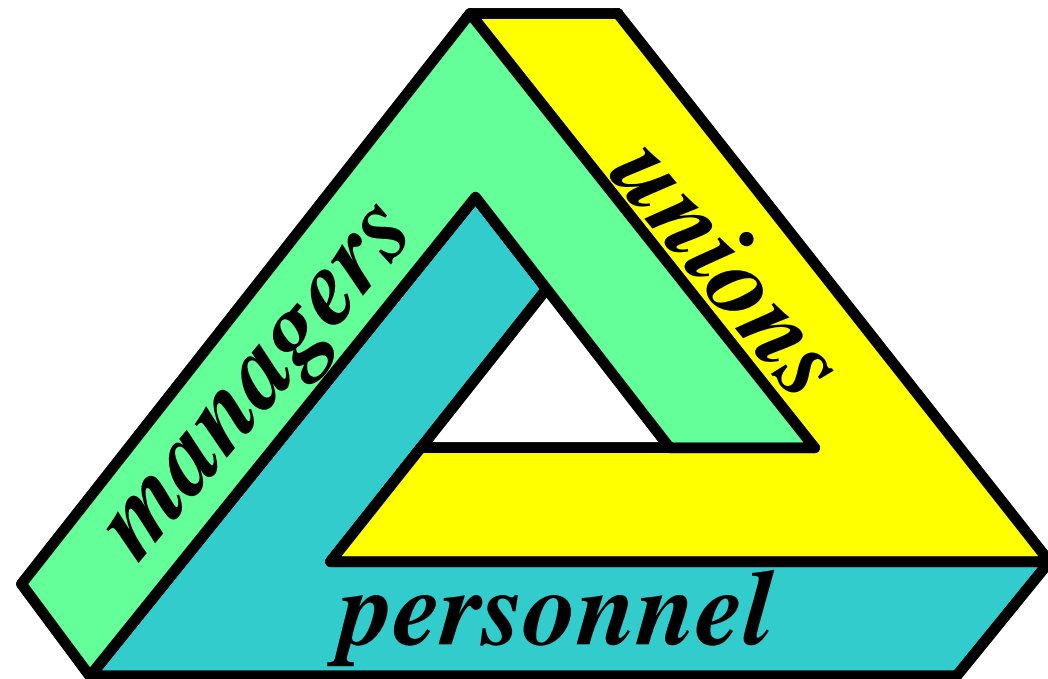
# We embark on a 10-year journey

- Three basic principles

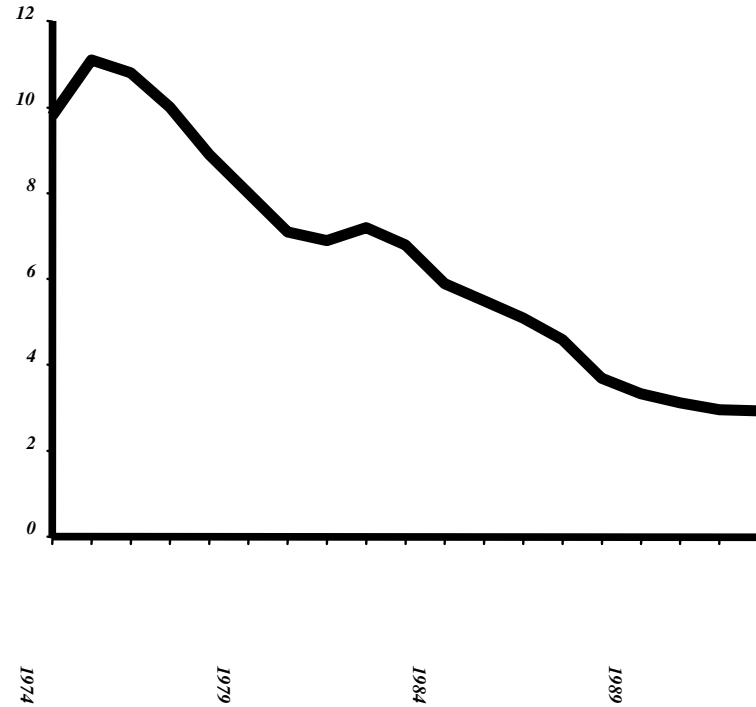
- We will work with middle management
- We will work with our unions
- We will do what's good for the business

- In an economy where the only certainty is uncertainty, the one sure source of lasting competitive advantage is knowledge.

❖ Ikujiro Nonaka, HBR Nov. 1991



# Two major problems to be addressed



# Two basic tools that came from what we had seen inside

## ● Pay for skills

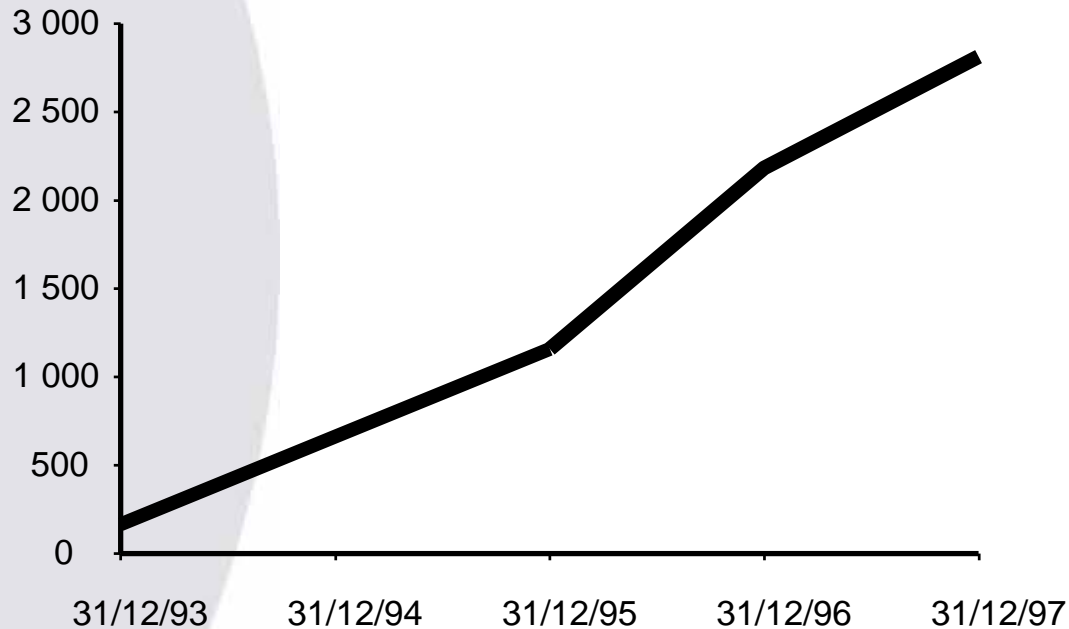
- No departures, no careers
- No career, no motivation
  
- Break the circle
- Improve your skills, improve your job
  - ❖ What you do
  - ❖ What you earn

## ● Managed employment

- No lay offs after 50
  - ❖ These people had «to stay extra», we could not ask them to accept the risk of being laid off
- No lay offs without another job for those under 50
  
- Help create jobs where we would downsize or close plants

# Lessons learnt: managed employment

## Working part time

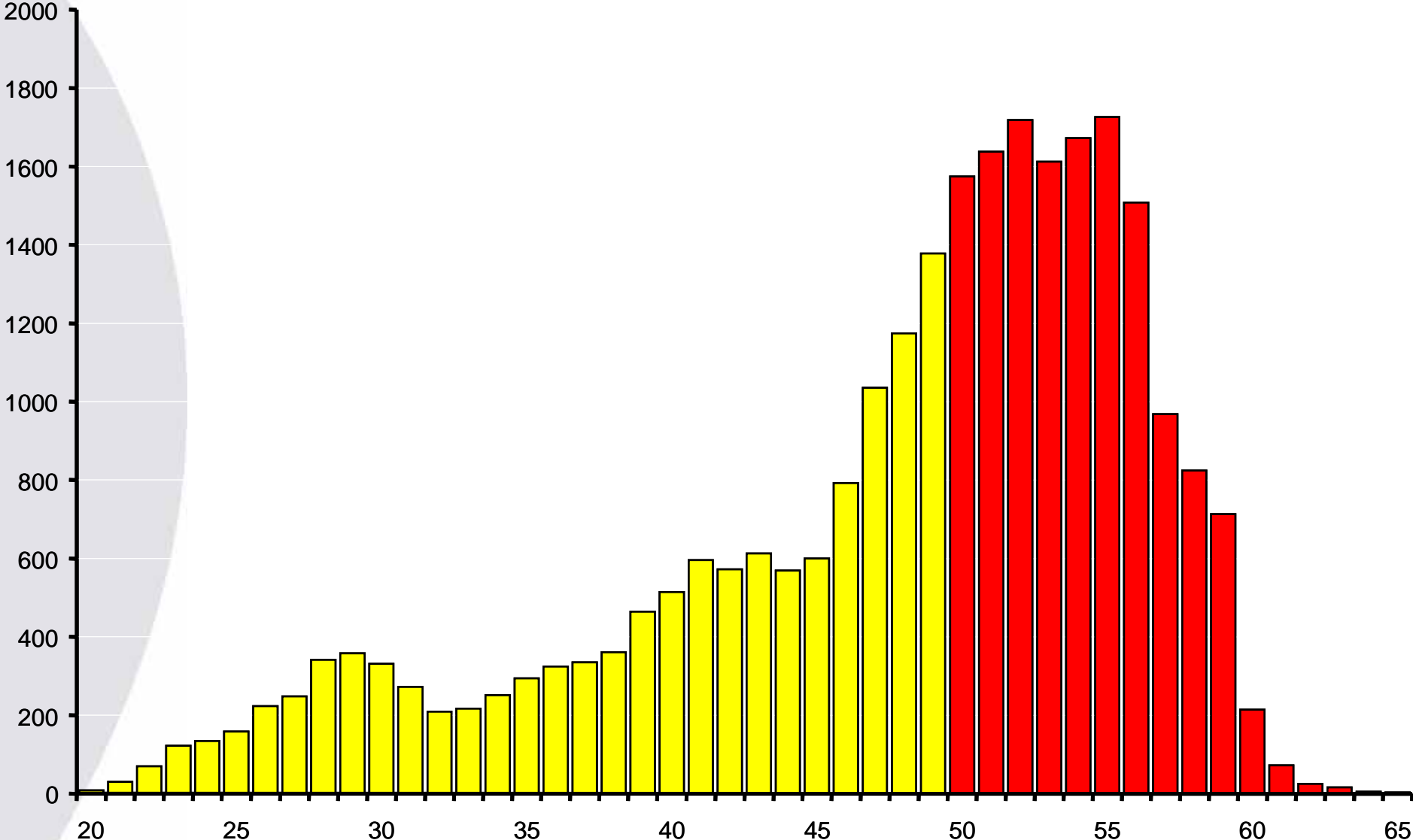


- Job security pledge hard to manage
- In 1994, an idea: develop part time work
- Survey results on part timers
  - decrease in absenteeism
  - decrease in use of anti depressants, anti high blood pressure medicines, sleeping pills
  - shift work less tiring

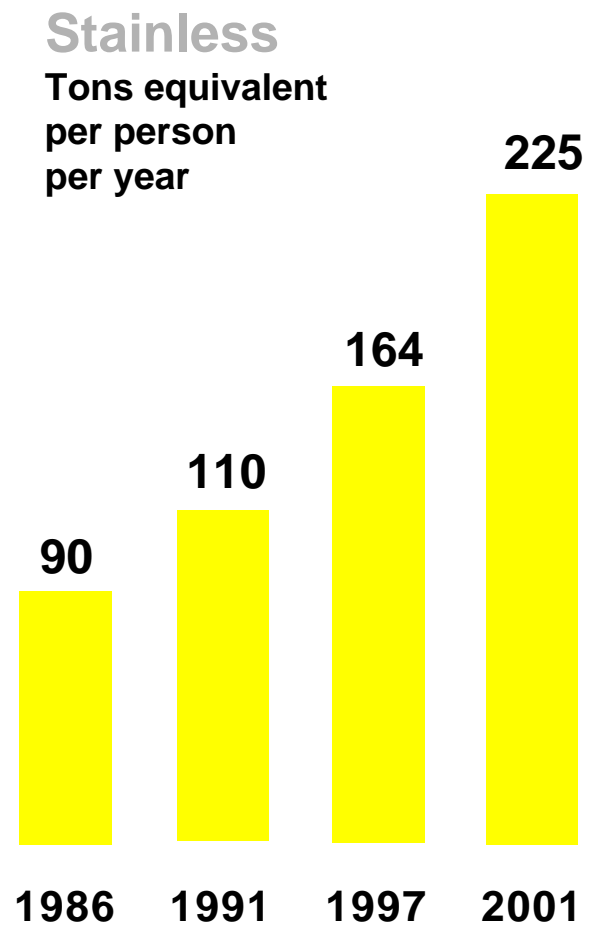
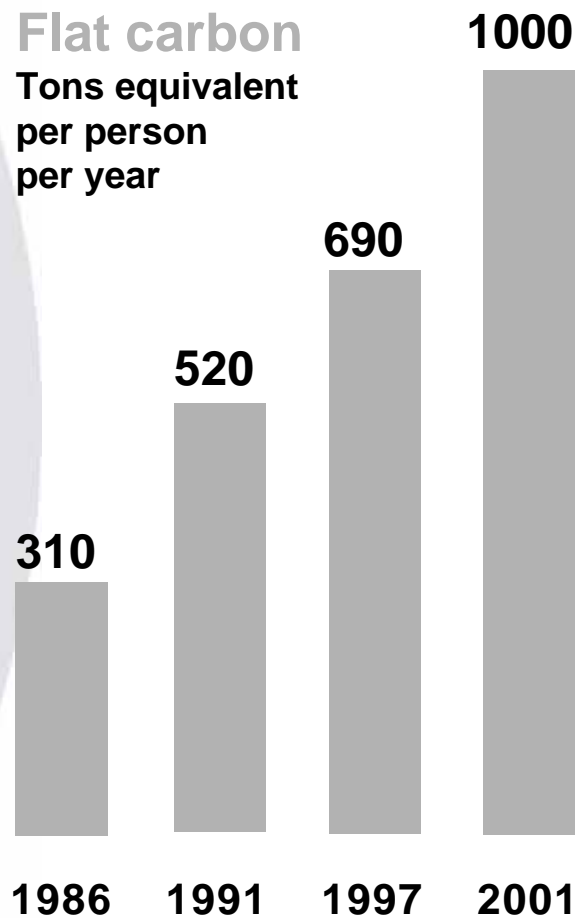
## Did it work?

- To-day people are retiring only when fully vested
- Side benefit: we can now manage most of our restructuring through regular retirement
- We survived, we grew

# Too old to work?



# Did it work?



# New challenges from our people survey

