CASE STUDY 6 · BUSINESS C1

The Meridien Exit

Integrated case study · reading, analysis, negotiation and writing

BRIEFING

Two Sunday-night papers

8 min

Company A — Meridien Cosmetics. A mid-cap European premium-beauty group. Revenue €2.1bn, EBIT margin 14.8%. Present in 62 markets. Head of International Strategy: Naima Aït-Mansour (44), eight years in the seat, herself the author of the 2016 memo recommending the entry the company is now considering exiting. She has 36 hours to draft the paper that will go to Wednesday's investment committee.

The Meridien situation. The market in question — a large emerging-market economy the company entered in 2016 with real conviction — has moved. Currency depreciation of 41% over 24 months. New capital controls, introduced in March, that restrict dividend repatriation to 40% of local free cash. A shift in the regulatory stance on foreign-owned retail concessions that has already cost one competitor its flagship location. Bull case still intact: population growth, category penetration below saturation, brand-loyalty scores near a personal best. Bear case: risk-adjusted IRR now three hundred basis points below the group's re-investment hurdle.

Company B — Anselm Industries. A specialty-chemicals mid-cap headquartered in Basel. Revenue €1.7bn, EBITDA margin 21%. COO: Faisal Ganguly (51), 30 months in the seat, formerly Head of Global Supply at a peer twice Anselm's size. He has 36 hours to compress a two-year supply-chain re-draw into the summary paragraph that will open the same Wednesday's operations-committee pack.

The Anselm situation. A twelve-month audit has mapped three single-points-of-failure at tier-two, one of them a specialty-catalyst supplier now added to a Western sanctions list. The operational recommendation is a phased dual-sourcing programme across seven of the top-ten inputs, a nearshoring move for two SKUs to Northern Mexico, and standing contingent capacity at 60% of peak in a second Central European plant. Expected margin impact: minus 40 bps year one, plus 60 bps year two, plus 90 bps year three. Twenty-four-month capex: €140m.

The parallel. Both papers open with a single paragraph read by a director with fifteen minutes. Meridien's paragraph will be judged by whether its concessive clauses land the walk-away as considered rather than reflexive; Anselm's paragraph will be judged by whether its participle chain compresses the re-draw into a shape the committee can hold. Both problems are grammatical, and both, on Wednesday morning, will be priced.

COMPLICATION

What can't be said as it stands

9 min

Meridien — the concession problem. Naima's first draft opens: 'The country's operating environment has deteriorated. We recommend exit within twelve months.' Two sentences, both true, both defensible. Both also read — to a committee that watched Naima champion the entry in 2016 — as though she has suddenly noticed what the committee itself has been watching for two years. The paper, as drafted, invites the question 'why now, not eighteen months ago?' — which is a question a well-run committee will not ask out loud but will nevertheless carry into every subsequent decision the writer brings forward.

Naima's private diagnostic: Every sentence in that paragraph refuses without conceding. What is needed is a paragraph that concedes, first and specifically, everything that still makes the market attractive, and only then names the specific line that has crossed. And it must concede my own previous view by date, or the committee will assume I have hidden behind the passive.

ASK THE TEACHER — notes to bring to class

Anselm — the compression problem. Faisal's first draft opens with six declaratives: 'We audited the bill of materials. We identified three single points of failure. We weighed the tariff environment. We recommend dual-sourcing seven of the top-ten inputs. We recommend nearshoring two SKUs to Mexico. The expected margin impact is minus 40 basis points year one and plus 60 basis points year two.' Every sentence is accurate; every sentence carries one fact. The committee, under time pressure, will hold two of the six and delay the decision on the other four. Over the twenty-four-month plan the delay is worth €22–28m of foregone margin.

Faisal's private diagnostic: Every sentence is a fact, not a chain. There is no participle carrying the causal link between the audit, the analysis and the recommendation. The committee will read the list, not the argument, and the ask will slip into Q1.

The register each committee is expecting. Meridien's investment committee is calibrated — over eight years of Naima's papers — to a specific concessive register: however / whatever / adjective + as / difficult though, front-loaded, and specifically to a personal by-date concession when the writer was the author of the previous view. Anselm's operations committee is calibrated to a specific participle register: having audited / weighing / given / added to, with rigorous subject-agreement and a compressed causal chain. Both committees will read the opening paragraph in under 90 seconds and both will, silently, price the register.

DATA ROOM

Facts, uncontested and contested

6 min

Meridien — uncontested:

- Currency depreciation: -41% vs EUR over 24 months (spot); -36% vs EUR on 24-month realised.
- Capital controls (March): repatriation cap 40% of local free cash; hard cap on advance dividend acceleration.
- Regulatory: draft foreign-retail-concession rule cost the sector's largest competitor its flagship location in Q2.
- Category penetration: 34% (below 48% saturation benchmark); brand-loyalty: 78 (highest of any market in the group).
- Risk-adjusted IRR: 6.4% (group hurdle: 9.5%); unadjusted IRR: 12.1%.
- Naima authored the 2016 entry memo; she reiterated the view in 2019 and, most recently, in a 2023 review deck.

Anselm — uncontested:

- Bill-of-materials audit: 1,140 line items reviewed; three tier-two SPOFs identified, one added to Western sanctions list in Q3.
- Dual-sourcing programme: 7 of top-10 inputs; qualification 6–14 months; premium 3–8% at unit cost.
- Nearshoring: 2 SKUs to Northern Mexico; lead-time reduction 34 12 days; landed-cost delta +9% year one, +2% year two.
- Contingent capacity: 60% of peak at Central European plant; standing carry €18m/yr.
- Margin impact: -40 bps yr1, +60 bps yr2, +90 bps yr3. 24-month capex: €140m.

Contested (Naima and Faisal vs their coaches):

- Naima. Her deputy wants the memo to drop the by-date personal concession ('a distraction'). Naima wants it front and centre — anything less will be read as the writer hiding behind the passive.
- Faisal. The CFO's finance-partner wants the paragraph in five separate sentences ('easier for the numbers'). Faisal wants a single compressed sentence — the causal chain has to be read as one move, not as a list.

TEXT EXTRACTS

Two source paragraphs, side by side

5 min

Extract 1 — Naima's first-draft opening paragraph (Meridien):

"The country's operating environment has deteriorated. The currency has depreciated 41% over 24 months. Capital controls now restrict repatriation to 40% of local free cash. Regulatory risk has risen. We recommend a phased exit within twelve months."

Extract 2 — Faisal's first-draft summary paragraph (Anselm):

"We audited the bill of materials. We identified three single points of failure. We weighed the tariff environment. We recommend dual-sourcing seven of the top-ten inputs. We recommend nearshoring two SKUs to Mexico. The expected margin impact is minus 40 basis points year one and plus 60 basis points year two."

Both paragraphs contain accurate information. Both, as drafted, will fail — Meridien by inviting the 'why now, not eighteen months ago?' question; Anselm by presenting the reconfiguration as a list of facts rather than a recommendation. Your task begins here.

YOUR TASK

Two paragraphs, one register discipline each

35 min

You are, in turn, Naima and then Faisal. Draft both:

Document 1 — Naima's opening paragraph of the Meridien exit paper (200–240 words).

- Uses at least five different concessive structures (however / adjective + as / whatever / no matter how / difficult though), all front-loaded.
- Contains one personal by-date concession ('I championed this market to this committee in 2016, in 2019, and in the 2023 review — what has changed is...').
- Contains one whatever-clause that forecloses the 'better local terms' counter-argument.
- Ends with a 'this cycle' clause that refuses today's presence without refusing the market for all time.

Document 2 — Faisal's opening paragraph of the Anselm re-draw pack (200–240 words).

- Uses at least three different participle forms (perfect / present / concessive past) inside a single compressed sentence carrying audit, analysis and recommendation.
- Rigorous subject-agreement — every implicit participle-subject matches its main-clause subject.
- Contains one 'having concluded that further study will not materially improve the outcome' clause that forestalls analysis-paralysis.
- Ends with the ask compressed into a single main clause, its concession carried by a preceding participle.

ASK THE TEACHER — notes to bring to class

Teacher notes

Success criteria (teacher-facing): Document 1 passes if a committee member, on reading, does not silently ask 'why now, not eighteen months ago?' — the by-date concession must earn the walk-away. Document 2 passes if a director with fifteen minutes could, on a single read, recite the audit, the analysis, the recommendation and the ask without going back to any earlier sentence.

SOLO WORK

Two rewrites, in your own hand

25 min

Before you draft the two opening paragraphs, spend 15 minutes on the following:

- Take Naima's draft (Extract 1) and, sentence by sentence, mark the concession that would have to precede each refusal. Which single concession would most disarm the 'why now, not eighteen months ago?' question?
- Take Faisal's draft (Extract 2) and, sentence by sentence, decide which pair of declaratives collapses into a single participle chain. Draft the chain. Check the implicit subject.
- Write, in a single sentence, the difference in the register a committee has been calibrated (over years) to a concessive-heavy strategy voice and one calibrated to a participle-heavy operations voice. What does each committee read as senior?

This is a private diagnostic. The point is not to publish the sentences — it is to notice which of the register moves you can, in fact, execute.

Did you read carefully?

5 min

- The central commercial event at Meridien Cosmetics is:
  (a) a listing
  (b) a recommendation to exit a market the company has been in for eleven years, without reading as panic
  (c) an acquisition
  (d) a rebrand
  Answer key: (b) a recommendation to exit a market the company has been in for eleven years, without reading as panic
- The parallel event at Anselm Industries is:
  (a) a hiring plan
  (b) a board sign-off on a two-year supply-chain re-draw compressed into a single readable paragraph
  (c) an IPO
  (d) a dividend increase
  Answer key: (b) a board sign-off on a two-year supply-chain re-draw compressed into a single readable paragraph
- Meridien's recommendation memo must combine concessive clauses because it:
  (a) is legally required
  (b) must walk away from the market without appearing to have failed to see the opportunity
  (c) shortens the pack
  (d) is house-style
  Answer key: (b) must walk away from the market without appearing to have failed to see the opportunity

ASK THE TEACHER — notes to bring to class

- Anselm's summary paragraph must combine participle chains because it:
  - (a) sounds academic
  - (b) must compress a multi-step reconfiguration into sentences a director with fifteen minutes can hold
  - (c) is required by the auditor
  - (d) impresses the CFO

  Answer key: (b) must compress a multi-step reconfiguration into sentences a director with fifteen minutes can hold

WRAP-UP

From two Wednesdays back to your desk

6 min

Answer, in a note to yourself:

- Which upcoming meeting of yours has the shape of Naima's Wednesday — a refusal that must land as considered rather than reflexive?
- Which has the shape of Faisal's Wednesday — a multi-step move that must compress into one participle chain?
- Which of the two registers do you naturally reach for, and which do you have to force? What would it cost you, this quarter, to add the register you do not already have?

Take-away:

ASK THE TEACHER — notes to bring to class