Transformation, a Business Case.

Updated 2022-06-24 Edited, additions, a.o. Courts of Appeal Ruling

A failed transformation of a company.
My Cassandra Experience: They hear you, but they do not believe you.
A proof of the law of Conservation of Misery.

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Content

Tags: Business Case, Cassandra, Courts of Appeal Ruling, Culture, Education, Works Council, Transformation.

A transformation from a corporate institute into a commercial business.
Actors: employees (employee's council), shareholders, and labour unions.
The environment: a liberalising energy market and merging energy production-and distribution companies.
The employer(agent): When the sun shines, let us start to repair the roof.
The workers council: When the roof starts to leak, we go to the neighbours. With 100% certainty, there is no need to take any risk.
Well, this was the moment I should have left the company. I did not. A serious mistake.

1. Introduction. Prologue.

In 1929, the company was founded as an institute to advise gas-producing, mostly municipal, companies on the safely application of so-called town gas. Town gas, a mixture of carbon monoxide and hydrogen, toxic when the combustion of the gas not being complete. The safety was judged through testing. This testing was based on standards. With a positive result the equipment was certified. For testing of appliances and systems for gas distribution, later supplemented by the testing with respect to efficient use of gas, the company received a fee from the equipment/appliance manufacturers. The other costs of the institute were reimbursed by the association of the gas distribution companies. In this way the budget of the company was balanced. The gas distribution companies were also shareholders of the company. Consequently, the company was a cost for the gas/energy companies. The company functioned as a central research laboratory. Products: quality marks, gas technical training, information, and advice (requested and unsolicited).
A major change in the energy mix in The Netherlands was the introduction of natural gas produced by the huge Groningen gas field. This happened on a large scale in the period 1955-1965. A conversion of the appliance was necessary. In addition, new appliances were introduced for central heating. A massive switch from coal, town gas, to natural gas.
This also meant a lot of work for the company: growth. However, the functioning for the gas distribution companies and the appliance industry remained the same.
The company operated in this way for about 60 years.
We were task oriented. Highly focused on rules and knowing why something cannot be done (the culture of testing), certification and inspection. Operating in the common interest.
Looking back in astonishment:
On the front espies of the company strategy 2003-2006, I cited Sun Tzu, 500 BC:
"……. Flexibility, speed, and timing…….
Only that way could unforeseen and unforeseeable opportunities be seized as and when they arise. The secret is not to have a specific plan to be put in action, but to be prepared to put almost any plan into action, depending on the circumstances."
How true. It did not help Cassandra.

2. A Harbinger of Change. (1985-1992).

European directives are replacing national directives where possible and this created a major change in our "playing field." In our case these directives are related with product safety. Replacing national labelling by CE-marks. This had a groundbreaking impact on the company. A change from a monopoly situation on a national level into a full blown European wide competition. We did a respectable job anticipating this major change. It is an understatement to qualify this to be of some influence on the company. However, we did manage this. First and foremost, by involving our customer base in this change.
On a national level: Merging energy distribution companies. Consequently, the number of shareholders of the company decreased. Furthermore, the energy distribution companies were privatized. Throughout Europe the energy market liberalized. This strongly influenced the portfolio of the company due to a changing relationship between shareholders and the company

Balancing the budget by the distribution companies as mentioned in the foregoing section could no longer be relied on. To communicate the changes is one thing, to overcome the organizational inertia is just another one.

3. The first internal changes at the company. (1985- 1992).

We needed to answer a lot of questions. Balancing the budget could no longer be relied on. Could the company deal with this problem, a major problem among many others? Other problems are related with the culture of the company. What I already mentioned, a testing and certification culture and task orientated.
So, how possibly could we deal with these questions in a systematical way?
This prompted the company to develop a common tool: a business plan. Not particularly spectacular. However, for the company completely new. The goal of this plan was not so much planning. It was about to create a guide for change.
With such a tool available, the company could start analyzing the questions/problems.
Still, it was not easy. Being used to be a corporate institute of the gas distributing companies has created a culture not to be changed overnight. No experience with making decisions without 100% certainty.
Questions must be answered like: can we define our products/services, who are our clients, can we develop new markets?
Well, these are particularly tough questions related with the work we did for the association of distribution companies. The association paid for the program; however, the individual distribution companies used the results. We were used to formulate/define the work/the program to be done, financed by the association. We needed to initiate change, within the association to articulate problems to be solved by the company. That was not easy, to put it mildly. Institutional inertia within the association. So, we started a consultation of the individual distribution companies, members of the association, to develop an insight in the needs of the distribution companies. This consultation and the feedback with the distribution companies took us about two years.
An important conclusion was the so-called input financing of the company should come to an end. Input financing means balancing the budget: no relation between the financing and the results of the activities of the company. We were looking for a direct relation between the costs of the activities and the results: Output financing. Still, there remains a problem to be solved at least on the short term. The smaller distribution companies were happy with the input financing, the larger distribution companies were not. This problem disappeared fast due to merging of the distribution companies.
The results of the consultation and the feedback were the input to develop our business plan/ company strategy. There are various methods to develop a company strategy. I will not pay much attention to the method. More important were the actions to be taken to cope with a fast-changing environment. At least, I believed we had not must time to adjust to this fast-changing environment. So, we should change fast. How fast? Well, that was a puzzling question to be answered. Most of the employees did not feel a sense of urgency.

Most important for the company was, to create a market-based system for the program, to convince the association of distribution companies the necessity of such a market-based system. Then, (1990) the budget of the company with the association was € 13 million. About 150 employees participated in executing the program. It costed some time to convince the association to position itself as a principal: the change to Output financing. When we finally succeeded, the association created a structure to articulate the yearly order/program. The

company submitted a quotation for the work done.
In our company strategy we analyzed the company, the targets, markets, the (internal) administrative processes, production processes and the conditions.
With respect to the administrative processes:
- Strategy and planning,
- Structure,
- Control.

With respect to production processes:
- Product/market development
- Commerce/marketing,
- Production,
- Logistics

Then, this analysis created a description of the company, the markets, premises, bottlenecks, and the actions to be taken.
An important result for the company of this exercise was the so-called product/market matrix. A tool where products and markets were confronted. Obviously, not at all spectacular. However, for the company it was. It made at once clear what we were doing and for whom. With the possibility to find out whether there is customers satisfaction.
A conclusion to be drawn from this product/market matrix was, organize people and the means of production based on the matrix elements.[1]
The preparation of the reorganization was done by a project group with the mandate of the management within several preconditions. The conclusion of the project group for the best fit with the product/market matrix about the organization needed, was to create business units So, the company has been organized in a structure of business units, based on segments/submatrices of the product/market matrix,
A few quartermasters prepared the implementation/adaptation of the new organization.[2]There were no problems, no forced redundancies. Employees followed her/his work into the new organization. The involvement and enthusiasm of the employees was great. The sky was still the limit: the budget for the work for the association of the energy distribution companies was not yet under pressure.

As usual, the adaptation was also presented and discussed at our shareholders meeting. Explicit pressure from the market and the shareholders to implement these changes was not yet present. The urgency for exploring other markets was not felt. But still, I felt the latent pressure from individual meetings with shareholders.

The internal changes and the accompanying learning process occurred in the early 1990s. The company operated profitably. Several subsidies were phased out. Such as the fee paid for by the appliance manufacturers. The fee was related with the testing and certification procedures. This did not affect employment either. The involvement of the trade(labor) unions in this process was still low. The company had a company CAO (a collective labor’s agreement/contract) within a framework CAO of the energy companies negotiated with the labor unions. That was one of the hurdles we had to take.

[1] For the company products mean services.
[2] We asked the employee’s counsel to advise management on these organizational adaptation and adjustments in compliance works councils law with a positive result.

4. Changes in the Marketplace. (Since 1992)

The company, historically, was a monopolist for testing and certification of gas appliances, auxiliary equipment, and gas distribution systems.
Industry and households were connected to the gas grid by the gas distribution company when the installation was done by a licensed(approved) installer and certified equipment was installed.
This changed completely when in 1992 CE-marking became effective throughout the European Union. So, the company could no longer function as a monopolist. The company was prepared for this. We discussed this, a.o., with the appliance manufacturers. Our proposal was to phase out the existing system and be ready for the new situation in 1992.
In discussing this, innovative ideas were generated related with the high-quality level of the gas distribution system and appliances used in The Netherlands. For example, in The Netherlands central heating boilers were replaced by higher efficiency condensing central heating boilers.
In the standards for CE-marking no specific number was mentioned for efficient use of gas. The discussions with the manufacturers resulted into a dual system. The company starts with the CE-marking. The testing and certification system for higher efficiency was brought under the umbrella of a new association with the manufactures. The company operates with this new business as an executive of this association with the manufacturers.
There was no breach of the CE-marking system since the high efficiency standards for the appliances were an addition to CE-standards. These high efficiency standards were not obligatory. These standards were considered to be a marketing tool of the manufacturers for quality and energy saving. I considered this to be a success for the company.
In addition, due to liberalizing of the testing and certification market, the company expected a lot of competition in Europe. After a benchmarking, the company expected at least 5 European competitors. This initiated a new round of changes in the company.

Another important change, which signals were clear, was the energy companies wanted to significantly reduce the contract, a collective assignment with the association of the distribution companies and the company. This contract the company had concluded with the association of energy distribution companies. The proposed reduction was 30%. They also wanted to turn the assignment/contract with the association, into a multi-client/cafeteria assignment. So, the distribution companies wanted the contract supported by the individual distribution companies.
The energy companies contributed to the coverage of the costs of the existing contract, between the association and the company, in a proportion to their turnover.
For the change of the structure of the collective assignment to a multi-client assignment, the company was ready. Not for the loss of 30% of the collective contract.

5. The next Internal Changes. (Since 1992)

So, we thought to be prepared for the major changes in the marketplace.
Though, so far, not much happened in the “outside world,” and after three years we started to evaluate the structural changes implemented in the company. A new function for our clients was created: account manager. Well, there has been some doubt to do this since the company is a knowledge intensive company. Consequently, we introduced this function carefully. We

thought to solve the related problems by appointing for these functions existing staff. The upside was these people to have a technological training, the downside has been underestimated. Due to the technological training of the new account managers they thought to be well equipped to have the sole relation with the clients. That was a serious mistake. The account managers had to involve the specialists. Since they did not, tensions evolved between the specialists/consultants and the account managers. We found out about that when the staff start to complain. Too late? With hindsight.

As mentioned in section 4, the company expected at least 5 competitors in the European testing and certification market.
So, we concluded the best way to deal with this is to be located as close as possible, in a physical way, to our clients for testing and certification. For that reason, the company constituted two testing and certification facilities(laboratories), one in Italy and the other in England. The one in Italy was a 100 % daughter company. The other a joint venture operation with a privatised laboratory of the British Coal Board.[3]
The creation of two businesses abroad did not stimulate the needed changes in the company. The employees in The Netherlands considered the businesses in Italy and England to be competitors. That was not of significant help to develop market in Europe. Management had communicated the foreign businesses to create economy of scale. It was a very tough job to convince the employees in The Netherlands.

In the meantime the eagerness and awareness of the employees to prepare for the inevitable changes in the energy market was not evenly distributed, to put it mildly. The employees opposing the actions to be prepared for the changes in the energy market, were represented by the majority in the workers council. So, that created a drawback, an understatement. I was used to cooperate with a council, not to deal with a council operating from a position of distrust. This all happened when I had the function of CEO for about 10 years.
So, I had to cooperate with a suspicious council. A council doing anything but thinking about the survival of the company. They only want to put to assess the proposals of the management. There was no benchmark for this testing? I could not find out. This benchmark was not communicated by the works council with management. By accident I just found out. Well, I started this story with a statement of this council. The one-liner about repairing the roof, tells its own tale. That was the hidden agenda.
Alas, the market was not waiting for us, and we run out of time.

In the same period, the company started consultation with the labor unions. One of the issues was to improve the number of hours to be invoiced. In addition, the company wanted no longer to operate under the CAO of the energy distribution companies. We could no longer afford that. A proposal of the company for remuneration, was a profit-sharing system for the employees. The unions did not feel the urgency. They promised me in case of serious problems they would be there for help, until they were not. In addition, the unions assumed the shareholders of the company to be there to solve the financial problems. I could not change their mind. What was even worse, the Works Council also thought shareholders would solve our problems, if any.
To change the opinion of the works council costed me a lot of time to no avail. Consequently, the time to solve problems faded away.
Then, a new problem was on our table: the loss of 30% of the volume of the contract research. I felt like a Cassandra.

[3] Again, with positive advice of the Works Council

The market where we used to operate changed fast. No inertia in the marketplace.

Choices had to be made. Slim down the company or deploy the gas technical knowledge of the company in other markets. The need to do so has been discussed with the staff. It is about 1997. The slimming down trajectory was impassable. The arrangements to arrive at a slimming down that could be negotiated with the trade unions were prohibitively expensive. These arrangements were based on the deep pockets of the distribution companies. Adjusting these arrangements so that affordable redundancy schemes arose were not negotiable. And there you are. You know what is coming and it is not believed.[4]
The company was making a profit. Labor unions and employee's council assumed when the going got tough, the shareholders would save us:" When the roof starts to leak, we go to the neighbours." What I mentioned before, a special experience. With hindsight understandable: not an active approach toward change a lot of inertia almost active inertia. Well, what I learned in the meantime, at least 50 % of our employees were indeed looking for a "not leaking outside roof". In my position I could not communicate that the roof the employees were looking for, would also start to leak soon.
Note: it happened a couple of years later.
Here again was a moment to ask myself whether I was able to solve the problems. With hindsight.

Well, what to do? Most of the time I considered myself to be a Cassandra, sort of.
So, the company started a so-called strategical reorientation. Keep in mind, we were still profitable.
This process of reorientation even considered the total elimination of contract research (but phased).
For the company it was clear that the Dutch market was too small to find employment for the capacity of gas technological knowledge of the company for consultancy and advice. Even not on a European scale. This knowledge had to be redirected for the realization of tangible products (hardware and software). The development of this strategy is supported by the acquisition policy of the company. Where natural growth would be too slow, acquisitions had to be chosen. These acquisitions fit into the product/market combinations. The policy of creating more distribution channels for gas technological knowledge was thus fulfilled. All these strategic matters were also discussed with the shareholders and submitted for approval. In addition, to support our activities abroad, the company also started to broaden the shareholders base abroad. Alas, the existing shareholders did not sufficiently support this activity. These shareholders were important actors in the change process.
The process of strategic reorientation resulted in a proposal for a holding structure (strategic and financial) and a few operating companies in The Netherlands and abroad. In this situation, too, the management's commitment was that everyone would take their work with them. This was insufficient for the employee's council. There had to be a social plan. The management thought this not to be necessary. For three reasons: i) there would be no personnel redundancy (due to organizational adjustment), ii) the human resource staff too small for a social plan to be developed again and finally iii) the plan would not be payable anyway. Result: the organizational adjustment as the final piece of the strategic reorientation was stopped. This was almost fatal.

[4] From that moment on we never got a positive advice of the Works Council.

6. The next external changes with internal implications.

At the end of the 1990s there was still a contract with the association of the energy companies, i.e., the shareholders. In the period 1999/2001 this substantial budget for contract research was declared obsolete (not phased out in a way to create a situation to be manageable). So, it happened fast, must faster than expected. The main cause was the liberalization of the energy market. Other contracts from the individual energy companies did replace the budget for contact research only partially. The distribution companies did not pay a substantial amount of time to think about gas research. As mentioned, the liberalization and concentration of the European Energy market asked most of their time.
During this period, fuel cells and the associated hydrogen technology were very much in the spotlight. In relation with hydrogen technology, I will deliberate briefly on technology. Between 1975 and 1985 the company did a lot of research and development on gas production, so-called coal gasification, using fluid bed technology. We focused on the cleaning of product gas, syngas, downstream in the production process. In cooperation with a university in The Netherlands, catalysts have been developed for desulphurization. We were preparing a gasification plant in Nord Pas de Calais, France. In 1985 the free on-board(fob) price of syngas equaled the price of natural gas at the well head. In 1986 this was no longer the case and syngas was not competitive. So, what to do? The company decided to apply their knowledge of catalysts for natural gas applications. This resulted in a reforming system to produce hydrogen from natural gas as a feedstock for fuel cells. Finally, when the commercialization phase had been reached, the company had to decide whether to bring the product to the market on our own or better sell the expertise to a manufacturer better qualified for this job. After analyzing the business case, I concluded the company need to find this manufacturer. It hurts, since we loved the technology, but that was not enough to create a sustainable turnover.
The company has been able to strike a major deal by selling the natural gas processing technology for hydrogen production. The employees, working on the process, were asked to change employer and move to the manufacturer which bought the knowledge. The subsequent demerging was a very emotional process About 30 people changed employer and laboratory space was rented to the new employer[5] [6]. So, this was some relieve for the company. The amount of money involved was certainly of some help. This created some "breathing space". However, it created complacency and amplified the resistance against change. Nevertheless, we were still burning cash at a too high a rate to have sufficient “breathing space.” This created a nasty situation.

7. An internal Situation

“An example of one of the laws of social change: change does not happen when things are at their worst, but when they are looking up,”
C. P. Snow page 69.

As mentioned before, the company lost the budget for contract research without any financial compensation. So, not just the indicated 30%. We had to live with that. This contract was about 25% of the company’s turnover and some one hundred employees were involved. Still, the company was able to start to expand acquisition with the individual energy distribution companies. Obviously not in a way to cover the loss of the budget for contract research

[5] PlugPower, active with products like hydrogen fuel cells for electricity production, 2020.
[6] The Economist, Climate change and innovation, Business Section, October 31st 2020.

completely.
Still, the company had a huge base of gas technology. Alas, no sufficient time to develop new markets. The conclusion was to reduce redundancy as soon as possible. Another emotional process. A new experience. Obviously, and with luck some employees could easily find new jobs outside. A drawback for the company was these employees to be the most entrepreneurial. The company was burning cash due to the redundancy.
The employee’s council did not believe or understand what was going on. Or was not willing to. They were guessing about another financial leak in the company. Some would call it fraud. A brand-new experience, to say the least. In the beginning I thought this to be a lack of knowledge on behalf of the council. A mistake. It took me some time before I found out this to be an insinuation.
It is 2002. Not to lose even more momentum, I offered the council about the possibility to hire a forensic bureau to find out about the fraud. The council accepted the offer and the bureau started to investigate. After some time, I was wondering about the conclusions of this forensic investigation. Well, the employee’s council did not like or accept the conclusions of this forensic bureau: no fraud at all. Consequently, the issue of fraud subsided. However, the company did loose costly time and money.
It is all very strange indeed. The employee’s councils for more than 10 years advised positively for all the proposals of the executive board. Proposals related with the strategy of the company. Now, suddenly, the strategy of the company was qualified to be completely wrong.[7]
Redundancy was still inescapable. Due to limited capacity, the executive board set reorganization on hold. The company started to produce a so-called social plan to execute the redundancy.
The labor unions and the council attuned their actions. The unions would approve of the social plan if and only if the council approved the reorganization. Finally, there reorganization has been approved and consequently the social plan for the redundancy. It was about the redundancy of 20 FTE’s (Full Time Equivalents). According to the rules of the contract with the labor unions for 20 FTE’s a social plan was not necessary. This was stubbornly neglected. With hindsight one could conclude that the company should have made the social plan at an earlier moment. To repeat, the social plan the unions were asking for, was unaffordable. To solve the problems, we needed to acquire new clients and new markets. For that reason, we had to adjust the organization: a catch twenty-two situation.

The attention of the executive board was strongly internally focused by these issues. However, the energy market was developing dramatically for the company. In the US, no energy company dares to make an investment decision after debacle of Enron. Consequently, our US acquisition started bleeding cash. Furthermore, 9-11 changed the market in a negative way. Inevitable, our American subsidiary was bleeding cash.
In Europe, the process of liberalization continues. With the result many investment decisions are postponed and a shrinking market for the company. At the company, this leads to the conclusion the company must slim down.
It was all very unreal. The negative advise for redundancy forced the company to go to the court. A special section of this court The Enterprise Chamber this Court[8] dealt with these kinds of problems. The president of the court concluded the executive board and the employee’s council could easily agree on the redundancy. The company agreed, the employee’s council said something unclear. As soon as we left the court, they promised me

[7] That is to be considered very special. Since even this worker’s council contradicts with its former positive advice on the subject matter.
[8] The Court of Appeal in Amsterdam

there will be no agreement. I was still guessing about the hidden agenda of the council. With hindsight, it was clear. However, as CEO, I concluded it is time for me to say goodbye to the company.
In the meantime the labor unions and the employee’s council told the supervisory, non-executive board all management of the company had to leave. The supervisory board refused. Well, this made it clear for me the council operated under the adage, or better, the ardent desire: “When the roof starts to leak, we go to the neighbours.” Their agenda.

I left.
Interim management was hired by the supervisory board and with a positive advice of the works council. Interim management had the additional task to close the “gap” between management and the employee’s council.

This road was also doomed to failure since the interim manager did not want to be on the leash of the employee’s council. However, there are means to an end. The council contacted the press and published all the already well-known suspicions.
These poor people, the employee’s council, did not realize when its “raining,” and it was, that the action to ask for help and “*When the roof starts to leak, we go to the neighbours”* leads to a result not to be expected. The supervisory board could only conclude the employee’s council not to operate in the interests of the employees.
All energy of the employee’s council was dedicated to find mistakes of the company. If the mistakes are not found, well, keep searching. Keep the problems alive and for sure continuing searching something will be found like e.g., a wrong acquisition. The council could not except being entrepreneurial is related with taking risks and making errors. SOBI, an association investigating business information, supported the council looking for mistakes at a considerable cost for the company. To no avail. Obviously, not able to find anything SOBI concluded the company was implementing the wrong policy. How true, in the eyes of the beholding employee’s council after supporting the company with implementing the strategy for more than seven years.

8. Other actors.

The company's internal problems were communicated with the shareholders.
The board consults the shareholders about the possibilities to finance on the one hand the growth of the healthy parts of the company and on the other hand to finance the redundancy plan. They were not prepared to do some financing. The way the employee’s council has brought several suspicions to the press was not helpful, to say the least.
Together with an investment bank, various possibilities for financing were explored.
For sure, there were companies interested. However, just for some parts and not for the whole.
The board has also investigated the possibilities for merging with companies abroad. These companies were aware of the very inflexible labor contracts. So, this possibility could be excluded too.
Redundancy could not be financed. The only thing left was to demerge some parts of the company and sell some assets. In this way redundancy could be financed.
After I left the company, the Enterprise Chamber of the Courts of Appeal concluded the

redundancy plan to be justified and should be executed.[9]
After this protracting affair, the shareholders of the company transferred their shares to private equity investors. These investors integrated the company with a company operating in the complementary market of consultancy, testing, and certification. This resulted into a successful business. After about 10 years the private equity investors sold their shares of the two merged companies to the SHV- Conglomerate.

9. Epilogue.

In the subtitle, I mentioned Cassandra. Cassandra who could make predictions about coming disasters, however, not prevent the disaster. Otherwise, she could have lost her predictive power. Or is it a law of nature to be able to predict and not be able to prevent?
Nevertheless, I predicted the decline and fall of the research contract with the association of the energy distribution companies. Furthermore, I could act in a preemptive way. The employee's council reproached me for taking this action. Even the supervisory board did not believe me. Those days, 30% of our turnover and employment of one hundred people depended on this contract. I explained the workers'council we could do two things: i) wait and see or ii) act. In addition, I told the council I appreciated the contract, however the association did not. So, the company better be prepared. Alas, the workers council did not believe me. The result? One way or the other, the unemployment of one hundred people became a real and present danger. I believe this to be the cause of distrust of the council with respect to me.
From Homer's Cassandra to Vonnegut's Catch 22.
In the Prologue I cited Sun Tzu from the front espies of the company strategy 2003-2006. There was a plan. To no avail.
Here I cite the line related with the problems described above: "*The company is still suffering from the aftermath of a substantial reduction of contract research. Underutilized laboratories are just one of the related problems to be resolved. Overcapacity, redundancy, is gradually disappearing and carries its own related costs."* To put it mildly.

Part of the above case I presented for the Netherlands Centre of executive and non-executive Directors (NCD) in 2004.
I concluded my presentation for the NCD with three propositions:
-Re-engineering? Impossible!
-Without external pressure, no real transformation.
-Waiting for external help meant a failure.
Machiavelli understood this very well. I should have paid attention:
"*He who innovates will have as his enemies all those who are well off* (or think they are well off, Nz) *under the existing order of things, and only lukewarm supporters in those who might be better off under the new."*

Personally, the best what I could have been done, was I should have left the company five years earlier. May be this could be understood as part of business ethics.

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[9] 2004-12-29 The Courts of Appeal Ruling: *"The conclusion of the foregoing consideration is that the request of the workers council should be rejected. The decision: The Enterprise Chamber reject the application(works council application)".*

In addition: The Economist July 25th 2015: *Schumpeter | The enemy within* makes proficient reading. Not only should I have realized this on beforehand, reading *La rebellion de las masas* would have given me some insight. Not to mention *Il Principe.*
Until sometime ago (2019), I still did not understand the mistrust by the employee's council. May be the turmoil in the energy market was too much for them? Well, at the end of 2020, I changed my mind. As can be imagined, I thought the workers' council was desperately preventing the redundancy actions. They were not. I should have realized that after their remark on: "*to repair your roof when the sun shines."*
Then, I thought for a while the worker's council was going for a sort of employees self-management, since they required of the supervisory board all the manager of The Company to be dismissed. I got this impression also from the observation that the chair of the employees council was not allowed to be called chair. Historically, this is familiar knowing a thing or two of the birth of the communist party in the USSR.
Now I understand the idea of self-management to be a misconception on my side. Self-management asks also for some entrepreneurial spirit. Well, there was a complete lack of that spirit in the worker's council. They were convinced the problems would disappear when merged with the Sister Company in the Netherlands. By dismissing all the managers, the merger would be far easier. The Sister Company was a well renowned specialist on electricity production, electricity transport and distribution. Four times larger than The Company. The employees council did not realize or where not aware of the possibility the problems at the Sister Company where also 4 times as large as of their company. I knew, the Sister Company was prepared to merge with The Company. However, I was also informed the Sister Company could easily do the job of The Company with their own staff. So, in case of a merger, instead of a redundancy of about 25 employees, the redundancy due to the merger would jump to at least 200 employees of The Company. This was again a catch 22 situation, which I could not communicate.
The Company no longer exists as a private company. Acquired by private equity investors. The Sister Company no longer exists. Demerged and the parts sold to various companies.

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