

SURPRISE

CASE

Presented by



SOLOTECH
simplement spectaculaire

Written by

Denis Morin

Full Professor Faculty of Humain Ressources Management, *École des sciences de la gestion, Université du Québec à Montréal*

Olivier Racine

Business Partner - humain ressources, Solotech

Romain Allo

Team Lead, talent acquisition, Solotech

The impact of the COVID-19 pandemic on Solotech's strategic priorities

Nature of the organization

Solotech is a global leader in the audiovisual and entertainment technology sectors. The business thrives on both national and international levels.

The organization offers state-of-the-art expertise to two different markets: the rental and the sale and integration of audiovisual equipment (permanent installations). The current business model is based on the organization's ability and expertise to offer a full range of audiovisual services in all areas, including sound, lighting, video, rigging and control systems, while providing skilled labour. Such a competitive edge is based on the setup of integrated audiovisual systems in a variety of markets including music, sports, retail, culture and education. In addition, the organization focuses on equipment rentals and sales through exceptional customer experience worldwide. Solotech's distinctive trademark is its turnkey approach and organizational creativity that allow it to concretize from the simplest to the most complicated audiovisual project, all around the globe.

The organization consists of two operating divisions, "System Sales and Integration" and "Event Solutions" as well as Corporate Services.

- 1) The Corporate Services team includes Solotech's management team and several departments within the organization such as: Marketing and Communications, Finance, Human Resources, Legal, Information Technology, and Supply Chain.
- 2) The mission of the "System Sales and Integration" division is to sell and install audiovisual equipment in stadiums, theatres, places of worship, concert halls or in corporate settings. Some of the division's clients include the Bell Centre in Montreal, the Place Bell in Laval, the Mouvement Desjardins, the Staples Center in Los Angeles, the Caesars Palace in Las Vegas and the Burj Khalifa in Dubai. Amidst the COVID-19 pandemic, Solotech had to rely



on digital strategy and e-commerce. The aim of this major project is to develop a remarkable online experience in order to attract more and more customers.

- 3) The “Event Solutions” division rents equipment to music show, festival or business event organizers. Solotech organizes countless corporate events, festivals and world tours. They can also offer webcasting services for virtual events such as press conferences, training sessions, galas or musical performances. With the surge in demand for webcasting event services, the organization was also proactive in setting up rental studios for live and recorded events. And finally, through a fruitful partnership with Mel’s Studios in Montreal, the organization can provide equipment for the film industry.

The two main divisions of Solotech have separate business processes. However, these divisions work together very closely. Human resource management, and organizational development practices are implemented uniformly across Solotech’s business segments, departments and divisions.

Globally renowned for its expertise in event solutions and systems integration, Solotech has over 1,500 employees across its offices in Montreal, Quebec, Saguenay, Ottawa, Toronto, Las Vegas, Nashville, DeKalb, Los Angeles, Heywood, London and Redditch. The “Event Solutions” division includes 825 employees and the “System Sales and Integration,” 510. Finally, Corporate Services are operated by 165 employees.

Solotech’s Strategic Priorities

Solotech wants to stay the global leader of the audiovisual and entertainment technology sectors. The organization is currently one of the world’s biggest players in music touring. For example, we can think of its technological support for the shows performed by Elton John, The Rolling Stones, Lady Gaga, Taylor Swift, Justin Timberlake, Céline Dion or Cirque du Soleil.

Solotech stands out as a one-stop solution for its customers. The organization offers rental of leading-edge equipment as well as complete audio, video, lighting, rigging and stage setting services supporting events of all sizes. Solotech also offers the technical labour needed to operate the equipment during the events or for permanent installations. The company also has a solid expertise in selling audiovisual equipment for permanent installation and maintenance of a wide range of audiovisual systems and solutions. These competitive advantages put Solotech in an



excellent position to achieve its ambitious expansion goals and provide the best possible experience for every customer.

Passion, collaboration, professionalism, respect and excellence are the values driving the actions of every Solotech employee. Employees are engaged in the design and the integration of audiovisual systems to make the customer's business stand out. Solotech's client success depends on effective collaboration throughout the organization before, during and after the event.

Solotech is committed to reinforcing its position and growing in the North American and international markets. In keeping with such a strategic objective, the organization aims to be the proven global leader in the audiovisual industry. For instance, in 2019, the company made a historical acquisition when purchasing SSE Audio Group, the largest provider of professional audio services in the UK. In March 2020, the company also acquired ProSound, a well-known company specializing in sales and systems integration in the United States market. Solotech intends to keep investing in the international market. The company is also progressing on the development of its e-commerce platform and aims to offer a substantial range of audiovisual and entertainment equipment!

As for growth, new technological solution projects with a number of potential clients in various fields (music, culture, sports, special events, public sector) should be expected. We can mention the Department of Justice (Quebec), the Grand Théâtre de Québec, the Valley Park Recreation Centre in Toronto and a couple of houses of worship projects, including the one in Nashville. A key factor in the organization's growth is its strategic ability to stay abreast of technological advances.

Solotech's strategic issues to be reviewed with the covid-19 pandemic situation

A number of economic sectors across Canada and all around the world have been seriously weakened by the COVID-19 pandemic. We are thinking about hotel accommodations, restaurants and bars, travel, air transport, retail and **culture industries, including the performing arts**, and many others. Consequently, all of the economic sectors in Quebec and the rest of Canada have been affected by the isolation measures implemented to contain the spread of COVID-19.



The event industry is still navigating a great flow of uncertainty. Workers in these sectors experiencing financial difficulties can benefit from federal support initiatives such as the Canada Emergency Wage Subsidy, the transfer of CERB's recipients to Employment Insurance, and the new Canada Recovery Benefit (for workers who do not have access to Employment Insurance).

The COVID-19 pandemic deeply impacts the working world. Notwithstanding the threat this situation represents for public health, the economic and social upheavals endanger the businesses' sustainability and growth. Solotech's management team plays a vital role in putting its employees' health and safety first. The organization's long-term success and the preservation of as many employees as possible are also priorities for Solotech management team.

Affected by the current crisis, people working in the "Event Solutions" and "System Sales and Integration" divisions, as well as in Corporate Services, appreciate the various financial support measures deployed by Solotech. Group insurance plan was made available to all employees during this challenging period. Moreover, employees impacted by a temporary layoff were given almost immediate access to an emergency fund deployed by the management of Solotech. When the pandemic emerged, employees were scheduled to work a reduced four-day work week, but they are now gradually shifting to the current five-day schedule in order to maximize their pay.

Considering the pandemic situation, two main "Finance" and "Human Resources" issues remain for Solotech.

Financially, the pandemic significantly reduced the pool of active employees. Part of this is due to the substantial drop in "Event Solutions" revenues. Since then, Solotech's experts are continuing to show remarkable creativity, to rethink their ways of doing things, and to undertake important reflections to ensure that the "Event Solutions" division can live to see another day. This approach was demonstrated by several innovative events such as the beneficial partnership with Mel's movie studios in Montreal and the implementation of a television studio in Solotech's offices. Solotech also took part in the organization of numerous traditional events (one with a stage and an audience) such as the outdoor Musiparcs in drive-in theatres. During summer 2020, spectators enjoyed music and comedy shows in the comfort of their cars (while singing and honking). Yet, the organization needs to change the way services and products are offered so as to drive additional revenue (and reduce the significant loss of "Event Solutions" revenue as a result of the entertainment industry downturn).



The “Sales and Systems Integration” division recorded a slight loss of revenue, but it is doing relatively well in the pandemic situation since the operations are more comparable to the construction industry than to the entertainment industry.

Recognizing the urgent need to intervene to preserve jobs and business growth, Solotech’s management must quickly explore new markets. This new strategy is vital to the future of the organization and there may be “one-shot opportunities.” The year 2020 was extremely difficult from all perspectives (economic, health, social, sanitary, etc.) after two waves of the COVID-19 pandemic and Solotech hopes that by 2021 there will be a significant improvement in organizational effectiveness indicators. As long as a third wave of COVID-19 does not jeopardize the predictions, of course. We need to be bold, and this is an ideal opportunity to leverage innovation. Solotech may consider exploring new niche markets or even modifying its business model to adapt to the post-pandemic environment. The COVID-19 crisis is challenging, so strong organization in promising sectors is required. More efforts are needed to make Solotech an even stronger player in the future.

Solotech faces many human resource management challenges due to the pandemic and the economic recovery post-pandemic. Here are the main priorities to be addressed by Solotech:

- Occupational health and safety management (providing adequate protective equipment, providing direction to employees regarding symptoms, preparing the workplace);
- Work planning (dealing with the unavailability of a considerable number of employees, reorganizing tasks and schedules, possibly continuing work from home measures);
- Employee support (orientation and training in a reorganized framework, managing anxiety);
- Change management practices (managing work from home, maintaining engagement at work, supporting and reassuring managers and employees during uncertain times);
- Open communication channels (communicating transparently, demonstrating leadership);
- Engaging individuals in a context of uncertainty and organizational transformation (promoting adherence to the new business model, supporting the employees, developing skills, etc.);

Solotech needs to reimagine its operations and workplace for tomorrow, which will be potentially different once this collective ordeal is over.



Your mission

1. Proposition of a new business model

Solotech strategy needs to be reviewed based on the COVID-19 challenges. More specifically, we need an updated business model and a strategy tailored to the circumstances of the pandemic.

How could Solotech reorient its strategy and business model while preserving the organization's reputation and market position (this includes diversifying incomes, exploring market niches or operating segments, and potentially getting additional capital assets)?

Such strategic analysis is necessary to avoid losing income and to ensure that this situation won't happen again. Actually, when a business relies almost exclusively on a division, it places itself in a vulnerable position.

2. Impact of Solotech's new business model on organizational transformation and/or change management.

Recognizing the impact of a new strategic trajectory on the business's culture, on technological or operational issues, and on workplace people management, consideration should be given to the impact of Solotech's current transformation on the human factor. In more specific terms, ***how can the business help its employees navigate around the new business model?***

Great efforts are still needed to explore opportunities for additional income. This would help to make up for the loss of revenue in the "Event Solutions" division. As part of this approach, the e-commerce online store's enhanced service offering currently consists of nearly 350 new and 300 used products across North America. Another goal for Solotech is to improve the customer experience on this e-platform.

A new service for broadcasting shows (without a live audience) has been launched in the "Event Solutions" division, and new products have been proposed in the "System Sales and Integration" division, including a complete range of appropriate solutions in a pandemic.



In addition to these new services, how can we ***facilitate employee engagement and loyalty as well as their emotional commitment to the organization when half of them are inactive?***

Not only are the financial losses considerable, but the human consequences are also very serious. Even though the majority of employees in the “Event Solutions” division benefit from government assistance such as the Canadian Emergency Response Benefit, inactive employees still have to deal with significantly reduced revenues. Despite these hard times, Solotech continues to provide access to group insurance and telemedicine for all its employees.

According to available positions and their requirements, the organization also tries to reassign inactive employees to the “Sales and Systems Integration” division or to Corporate Services. For instance, nearly 30 employees, from the “Event Solutions” division, were temporarily reassigned to the e-commerce store project in the “Sales and Systems Integration” division.

Even with these reassignments, a significant portion of employees are still inactive and have no opportunity for alternative mandates within the organization. Following Solotech’s opportunities to acquire and explore new niches in the context of the health crisis, employees may question the merits of this approach as they do not receive their regular pay. Despite the fact that the employees are audiovisual enthusiasts, it is likely that some of them had to accept “food on the table” jobs in other sectors of economic activity while waiting for a return to normal in the company’s operations. Inactive employees might consider a career change.

A fundamental question remains: are these inactive employees returning to Solotech when the pandemic is over? This skilled workforce is very hard to replace.

How can Solotech facilitate its inactive staff’s engagement and loyalty? Losing these inactive employees potentially represents expertise and organizational knowledge loss. Such a challenge is likely to impede Solotech’s growth.



A few definitions to guide you in brainstorming solutions for the case.

- The strategic priorities help to identify the company's goals (nature of the product or service to clients/consumers) and fundamental long-term objectives, and also to implement the actions and allocate the resources needed to realize these goals.

The business model is based on several relevant aspects:

- The determination of the customer groups likely to be interested in your offer (value proposition, nature of your products or services).
- The value proposition has the potential to solve problems or satisfy the needs of your target customers (it is the combination of products and services that creates value for your customers).
- The business plan allows you to establish actions in order to connect with current and potential customers and present your offer.
- The purpose of customer relationship configuration is to define a level of personalization you want to achieve in your relationships with your current and potential customers.
- The forecasting of your potential revenue allows you to think about how you will generate revenue based on your customers' characteristics.
- The analysis of "your essential resources" is based on an evaluation of the assets (technology, human resources, financial resources, etc.) that you have on hand to make your offer to customers a reality.
- The identification of "key operations" helps determine your important client operations.
- The exploration of your "key partners" outlines the network of suppliers and partners with whom you want and need to collaborate to maximize your organization's operations and performance.
- A meticulous analysis of your "cost structure" to determine the necessary investment to reach your business objectives (including generating profits).



The following references inspired those definitions:

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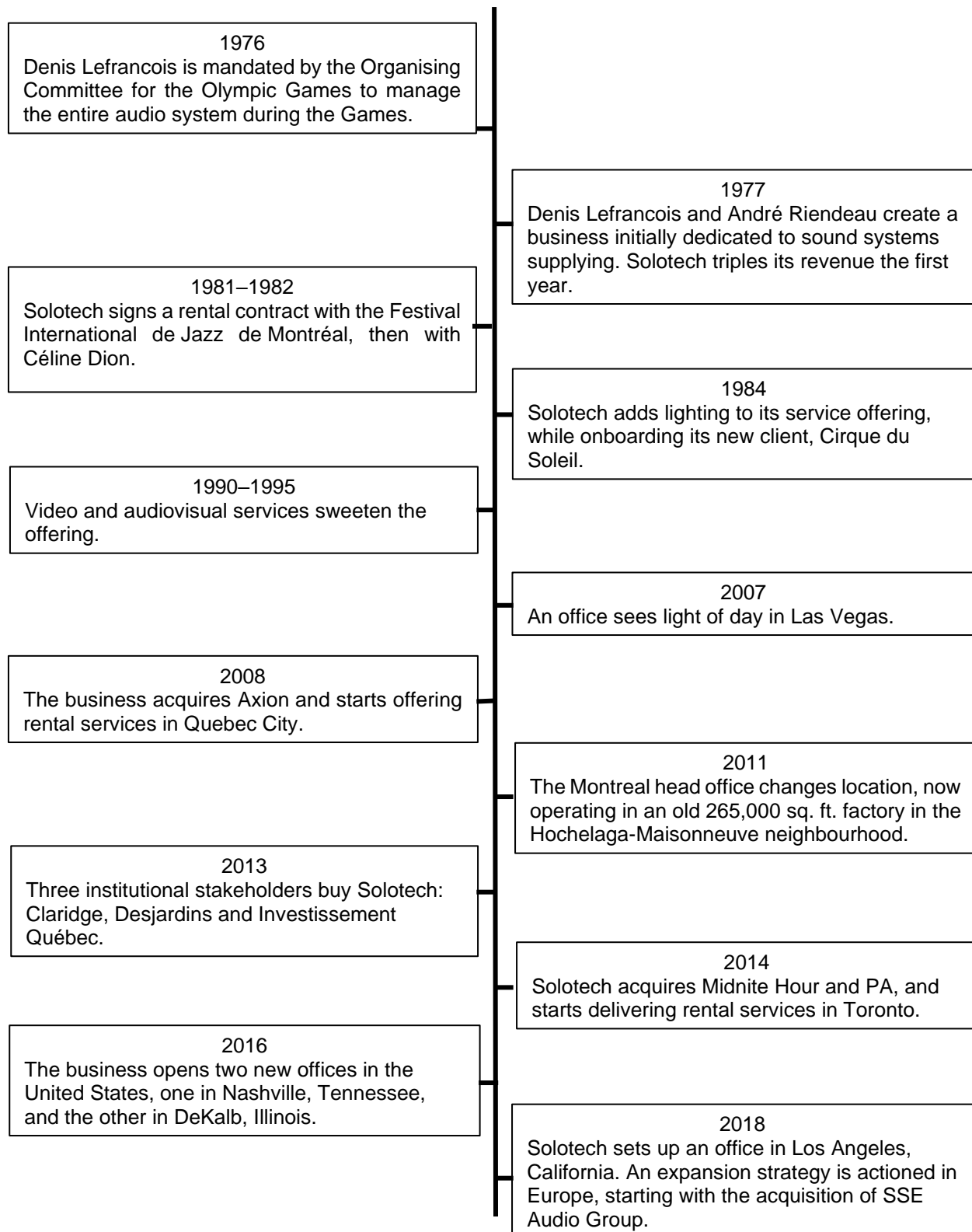
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Appendix 1

An overview of Solotech's history

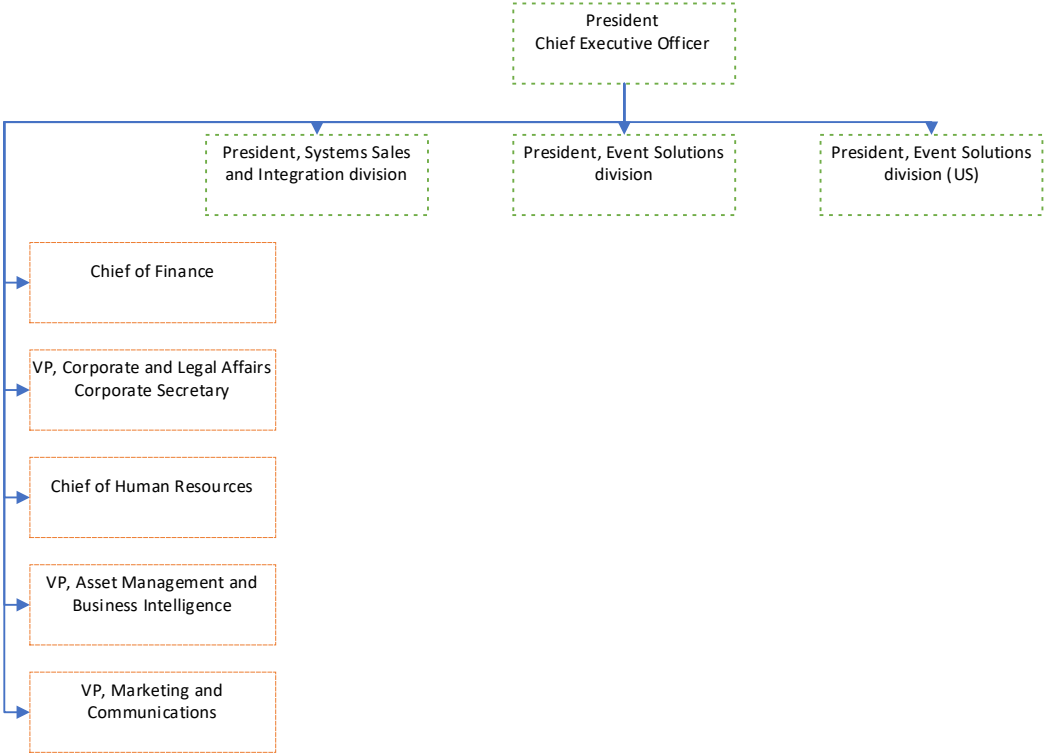




Reference: www.solotech.com



Appendix 2

Organizational chart



-  Operational divisions
-  Corporate services



Appendix 3

Solotech offices around the globe

	Solotech's new location or acquisition	Operations			
		Corporate Services	System Sales and Integration	Event Solutions	Warehouse
Montreal	1977	•	•	•	•
Quebec	2008 (Axion acquisition)	•	•	•	•
Saguenay	2008		•	•	
Ottawa	2012		•		
Toronto	2014 (Midnite Hour and PA acquisitions)		•	•	•
Nashville (É.-U.)	2016		•	•	•
Las Vegas (É.-U.)	2007		•	•	•
DeKalb (É.-U.)	2016		•	•	•
Los Angeles (É.-U.)	2018	•		•	
Manchester (R.-U.)	2018 (SSE Audio Group acquisition)		•	•	•
London (R.-U.)	2018 (SSE Audio Group acquisition)			•	•
Redditch (R.-U.)	2018 (SSE Audio Group acquisition)	•	•	•	•
Fareham (R.-U.)	2019 (BCS Audio acquisition)		•	•	•
Los Angeles	2020 (Pro Sound & Video acquisition)		•		•
Pensacola	2020 (Pro Sound & Video acquisition)		•		•
Orlando	2020 (Pro Sound & Video acquisition)		•		•
Miami	2020 (SEAL acquisition)		•	•	•

