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# RELE-Rouen: Language immersion in Normandy

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*"L'immersion complète dans une langue étrangère peut effrayer.*
*Et le manque de disponibilité est l'argument le plus souvent invoqué pour éviter cet inconfort.*
*Ne vous y arrêtez pas. Plongez-vous dans l'universRELE."* [1]

On a rainy night in April 2022, Maxime Demongeot was contemplating the future of the business he had been managing with his sister Béatrice for 10 years. The economic difficulties the small French school was going through after the COVID-19 pandemic and the relationship with headquarters the franchisor in Belgium had reached a critical state: they might continue with Residential Executive Language Education (RELE); they might break off the relationship with them and enter a new franchise contract with a UK competitor; or they might sell the company as well as his childhood home in which it was established. While enjoying his second glass of Calvados brandy, he began to reflect on how they ended up in this situation.

## The Demongeots

The Demongeots, as they were known in Rouen, were five middle-aged brothers and sisters whose parents had been a local businessman and an aristocrat from Upper Normandy. The eldest Demongeot, Maxime, 62, after studying industrial engineering, joined the family business, which imported agricultural machinery. In 2001, after his father's death, he became CEO, a position he still held in 2022. Maxime had three children over 30 years old; the eldest lived in

[1] "Complete immersion in a foreign language can be intimidating. And a lack of availability is one of the main arguments used to avoid confronting it. Don't let that stop you. Dive into the RELE universe." This blurb appeared on the cover of a RELE sales catalog along with a picture of a scuba diver.

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IESE cases are designed to promote class discussion rather than to illustrate effective or ineffective management of a given situation.



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Rouen and worked for the family business, and the other two worked in Paris and London. He was thoughtful and prudent, an "easygoing, nice guy," as his friends kindly used to call him.

Béatrice, aged 49, was the youngest sister and had developed a very close relationship with Maxime after the death of their father. She had earned a degree in French language and literature from the Sorbonne in Paris; in 1996, she began working at a local boarding school, first as a teacher and later as a manager. In 2004, she married a prestigious lawyer from Rouen and soon after gave up her career. In 2010, after being widowed unexpectedly and faced with a consequent drop in income, she decided to look for a job. At that time, she had two daughters in their last years of high school.

The other brothers and sisters had children of their own and did different things. Pierre, aged 52, lived in Rouen and worked for Maxime in the family business, although not in a managerial position. Nicole was a civil servant and lived in Paris. Ruth was an economist and had lived in Barcelona since her husband was sent there.

The five Demongeots were born in a manor house in Bois-Guillaume, an exclusive residential area amid the outskirts of Rouen. The property spread over 5,000 square meters and included an impressive 1,000-square-meter, nineteenth-century manor house that had been uninhabited since 2004.

In 2010, Jean-Paul Tibet, a Belgian friend of Béatrice, suggested that she use the building to open a franchise for RELE, his executive language academy in Rouen.

## Residential Executive Language Education

Tibet founded RELE in 1995 and built it into the most prestigious language school for executives in Belgium and one of the best in Europe. Originally, RELE offered only French and Dutch courses taught at a residential center in Leuven, not far from Brussels. During these courses, which usually lasted a week, executives from various countries participated in language immersion programs while living with other participants.

The RELE Leuven center was an old mansion with 45 well-equipped bedrooms and spacious common areas (lounges, dining room, gym, and gardens). RELE's methodology stood out from other language schools because it did not offer traditional grammar and vocabulary courses. Instead, it promised improvements in oral communication while using its own methodology based on questions and intonation exercises. Since oral communication can always be improved, a great many of its students were repeat clients. A personalized approach required that sessions be held in small groups, with a maximum of four students per group.

Most of RELE's clients were large international companies and executives who traveled to Leuven. Its flagship program began on a Sunday afternoon and ended on the morning of the following Saturday. On the weekends, cultural activities were held for participants who had registered for more than one week. The average weekly price was €2,500, of which approximately 60% corresponded to academic fees and the rest to accommodation, meals, and activities.

Given the success of the concept, Tibet expanded RELE into the United Kingdom, Spain, and France, where he offered programs in English, Spanish, and French, respectively. To carry this out, he chose a franchise model with RELE keeping control of sales,[2] the development of

[2] The client database was owned by RELE, and the franchise centers did not have access to this information. RELE had a sales team devoted exclusively to visiting companies primarily in Europe, the Americas, and Asia.

materials, processes, and the corporate image. In turn, the franchisees pledged to offer exclusive programs authorized by RELE and to pay a 15% royalty on sales. Each center would train and manage its own team, including academic, administrative, and hospitality staff.

In 2010, with centers in the United Kingdom (Surrey) and Spain (Segovia) already in operation, Tibet turned his eyes to France and thought of Béatrice as he had known her in university and even spent a summer in the manor house in Rouen.

## RELE-Rouen

When Tibet reached out to Béatrice (aged 37 at that time), her husband had just died, and she felt that the project might be the professional opportunity she had been seeking. After talking it over with Maxime, as she did with most-important matters, she and her brother decided to move forward with this. Béatrice would be in charge of operations, and Maxime would deal with legal, administrative, and financial affairs. In 2011, Maxime and Béatrice founded RELE-Rouen, a SARL;[3] each of them contributed €75,000 as capital.

The original mansion, which belonged to the Demongeots via a holding company, needed to be adapted to RELE requirements. These included 16 en-suite bedrooms, six classrooms,[4] a modern kitchen, commons areas, a gym, and a garden. To finance the remodeling, Maxime and Béatrice took out a bank loan of €800,000[5] that was personally guaranteed by Maxime. They also reached an agreement with their siblings to rent the estate for €6,000 per month, to be increased in line with the official Consumer Price Index (CPI) inflation rate.[6]

After four busy months, RELE-Rouen opened its doors on July 1, 2012. The first few years went spectacularly. The quality of the teachers and the attractive environment made RELE-Rouen the most sought-after center of all the RELE franchisees. Its geographic location (one-and-a-half hours by car from Paris and near the low-cost airport of Beauvais) attracted executives from all over the world, especially in the United Kingdom. Also, its location in Normandy was a plus, given the diversity of existing tourist attractions. By 2016, the school had been awarded the main official accreditations for teaching French as a foreign language.

Accumulated profits from 2012 to 2016 amounted to €300,000.

## The crisis

In mid-2018, Tibet sold RELE to a venture capital firm, which appointed one of its executives, Fabienne Lejeune, as CEO. One of Lejeune's first moves, effective on January 1, 2020, was to increase royalties from 15% to 18% of sales. She also renovated the center in Leuven and broadened its product offer to include English, German, and Spanish courses.

In 2020, the global economic crisis caused by the COVID-19 pandemic led to a sharp contraction in demand following several successful years favored by a thriving economy. RELE-Rouen, like

[3] *Société à responsabilité limitée* or limited liability company.

[4] Maximum capacity: eight students.

[5] For 16 years with a Euribor interest rate plus a fixed spread.

[6] Pierre and his wife pointed out on one occasion that a rent of €6,000 was lower than its market value, which they estimated at €8,000. Maxime argued that the stability of the rental contract and the fact that RELE Rouen would maintain the property in good condition justified the difference.