

SABAF SPA AND THE INDUSTRIAL DISTRICT OF LUMEZZANE.

✓ ***The economic picture of the restructuring***

The restructuring took place inside a significant metalworking industrial district (with many sub-furniture small firms and few leading supply chain big firms), currently characterized by decline but in a positive trend at the time of the restructuring / re-organization announcement. The process was essentially addressed by the decision of moving from the core of the district to its border in order to update and strengthen the firm's manufacturing cycles. The relocation occurred in different stages and involved firstly the typical cycle (valves production for gas-domestic cooking appliances), and then concerned both the managerial-administrative staff and the new production of burners, which required a wider area for the manufacturing horizontal layout with respect to the previous plants' site (vertical layout sized). The transfer from Lumezzane to Ospitaletto, not particularly relevant in geographical terms, represented for the most part a cognitive change before being just an economic oriented assessment. The perspective, in fact, was to move away from a stable and interconnected "world of production", based on tacit knowledge spread through spatial proximity and grown also thanks to the distinctive *marshallian* external economies, in which leading firms were both owned and managed by entrepreneurs' families.

✓ ***Anticipation***

The great advance through which the restructuring / relocation plan was announced (till the middle 90ies) allowed social parts in reaching a plain and useful agreement. So, local authorities, unions and workers were aware of constraints and opportunities and could participate in the argumentation and bargaining processes on cost and benefits to get the "right" agreement. Territorial governance of the restructuring allowed not only the social and institutional consent but also the needs of the firm's identity, or not to lose its high skilled labour. Concrete solutions were offered by the firm to employees for welfare, transportation and houses (to face the mobility from Lumezzane to Ospitaletto), and for a stock grants proposal. All these measures made possible a deep restructuring with the consent of unions and employees, also because when the announcement was made the district was in a positive trend, and could easily accept employees eventually refusing the plan. The municipality of Lumezzane could make difficult the restructuring process or interfere with the decision of the firm to move outside the core of the district, also as provided by a previous agreement to stay inside. But the reasons of the managerial strategic choice prevailed and were accepted. Obviously, the municipality of Ospitaletto gave more support to this restructuring. But the pro-active participation of local authorities was also stimulated by the behaviour of the firm, committing itself to urban re-qualification, transport and housing plans, and employees' facilities.

✓ ***Innovative practice***

The first innovating practice which produced the pro-active strategy of the firm was in fact the separation between ownership and management, without which a relevant "cognitive" breaking approach could not have been possible. The "managerialization" practice gave rise both to an innovation-driven attention and to a internal change in terms of vision and mission (social budget, annual integrated report, corporate governance renewal and corporate responsibility approach, a deeper commitment in the sustainability area, vision towards employees, considered "not only 'workers' but firstly people having interests in the firm's economic life"). This renewal happened also maintaining the original socio-economic identity based on social cohesion and employees' participation. On this hand Sabaf is a clear case of restructuring involving all the three represented interests of management, trade unions and local authorities.

✓ ***Results***

The overall process required a significant hire policy by the firm, especially for high skilled workers, while very few employees (especially women and workers close to old-age retirement) left the firm due to the relocation. Social cohesion was an essential social mechanism differentiating the experience of Sabaf from many other cases in the district. Many participation tools, from good industrial relations to socio-environmental sustainability, gave a strong "social reputation" to the firm internally and externally. This contributed to firm's reliability when explaining the needs to move outside the industrial district for a layout question and to promote in advance lasting (at least three years) and deep processes of social concertation and involvement of local authorities. The other result of the restructuring, i.e. reorganisation of process and product technology and human resources, to continue to have inside all the competencies for valves and burners, was so possible thanks to these mechanisms of social cohesion, accompanying the significant territorial economic dynamics. On the competitive advantage hand, Sabaf took the opportunity of codifying a specific process, by some means still present in the district in tacit form, with a patent registration that allowed the firm in reinforcing its niche leading position, also thanking to a continuous innovation mind-set in research and development.