



Case study summary sheet : B.

PN, Nov. 7th, 2006

- ✓ B. is an American group and a major player in the design, development and production of high-tech cables for broadcast, video, industrial automation, aeronautics, space, networks, etc. The sector is characterised by fierce competition between the various players with strong price pressures and concentration. From a technological point of view customers increasingly require comprehensive solutions and fewer products. Over the past few years the cabling sector has also had to confront price inflation for the raw materials required to manufacture technical cables (copper, Teflon, etc.).
- ✓ The Venlo site in the Netherlands is a former PHILIPS establishment (sold in 1995) with a very special industrial relations culture, since PHILIPS is a veritable institution in the Netherlands. B., on the other hand, is not used to negotiating with trade unions or employee representative organisations (Works Council). Instead it manages restructuring processes unilaterally by investing substantial financial resources. Since 1995, the site has been profoundly restructured since it has gone from 1,400 employees to 261, primarily due to outsourcing and relocating production activities. Therefore the Venlo plant has radically changed its nature and is no longer the decisive production site it was initially in the B. production system.
- ✓ When allocating production to the various sites, group management's strategic choices are guided by the price pressures and cost reductions in a highly globalised industry with raging competition. The Venlo site's production activities are condemned since it has been unable to integrate the price constraints and profitability objectives established by top management. The group's American management adopted and implemented the group's strategic plan quite autonomously, even if discussions were held with the Works Council. In addition, B. was required by Dutch legislation, which forces a company that plans to restructure, to seek the advice of the Works Council (consulting information) regarding the planned operation, its reasons and the planned measures to support labour.
- ✓ The restructuring operation under study began in February 2006. Consequently, it is premature to make a definitive assessment. Nevertheless, one can note that the Works Council, with outside support (consulting expertise) has been able to seize the limited room to manoeuvre (that company management left it) to propose an alternative solely for the site's logistics and distribution activity, thereby preserving a few existing jobs and creating a few opportunities for the future. Beyond that, it seems inevitable that the industrial jobs at the Venlo site will disappear definitively given the B. group's management standards and profitability objectives. The centre of gravity of B.'s production activities is now in countries with low labour costs.