



## **Case study summary sheet : LEJABY**

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- ✓ The situation of the intimate apparel producer LEJABY is representative of the European textile and apparel industry today: pressure on prices, massive imports from low-labour cost countries, new distribution circuits (specialty chains), a glut of products on the market – particularly in France – making competition increasingly intense. LEJABY was acquired in 1996 by the American apparel group WARNACO, which subsequently filed for Chapter 11 bankruptcy in 2001, the procedure lasting through to 2002.
- ✓ LEJABY had managed to avoid the restructuring the majority of the textile industry had undergone. and production remained on 8 sites in the Rhone Alpes and Auvergne regions of France. The management of the French company subsequently realised it needed to implement change, to cope with the increasingly competitive environment and the positioning of the brand. It demonstrated a high degree of autonomy, by warning its shareholder (WARNACO) of the need for change.
- ✓ The pressure from the market led the management to envisage outsourcing between 70 and 100% of its production to Tunisia (30% was already produced in Tunisia), a proportion more or less in line with its competitors. This resulted in the closure of 4 out of 8 sites and the concentration of production on the remaining sites. Announced officially one year before implementation, the plan entailed some 231 job losses, mainly female workers who had been with the company for many years, whose skills had not evolved and could not be used in other posts.
- ✓ The implementation of the plan created a conflict with the unions, who were well represented in the workforce but divided. The result was a legal hassle between the management and the employee representatives from the moment the legal procedure was implemented. The situation was finally resolved, when an on the spot "method agreement" was negotiated.
- ✓ The example of LEJABY shows how traumatic restructuring operations have been in the textile industry. The traditional absence of any real training policy for workers throughout their working life considerably reduces their employability and leads their representatives to bargain for social support measures "with their backs to the wall". It also highlights the very low mobility of the workers hit by the restructuring: the management had announced an equivalent number of jobs on other sites, thus respecting its legal obligation to offer re-employment, but very few workers agreed to relocate. This enabled the company to go ahead with its outsourcing plan.
- ✓ The positive point that came out of this operation is no doubt that it has brought an awareness of the need for a genuine life-long retraining policy for the employees who remained in the company after the reorganisation. It means a radical departure from the traditional lack of skills management that has characterised the textile industry, and which like many other industries is now faced with major restructuring.