



## **Case study summary sheet : FEHRER**

PN, Nov. 13<sup>th</sup>, 2006

FEHRER, a company of 3,200 staff based in several sites in Germany and central and western European countries, specialises in the manufacture of detail parts for the automotive industry: foam, plastics that amongst other uses are used in the fabrication of opening roof parts for automotive manufacturers. Similar to all other makers of this type of detail part (unlike state-of-the-art parts manufacturers that make complete and sophisticated sub-units) FEHRER is subject to large pressure on price, which is independent of the level of activity: difficult European automotive markets, raw material price rises... This constant pressure has led to appreciable transfer of manufacturing to those countries with low labour costs, which have become the favoured means to cut costs. To these difficult circumstances are added the problems specific to FEHRER: significant forecast errors concerning some productions, quality problems and management of waste in the plastics industry in which chemicals are used in the production process... As a consequence, the company recorded heavy losses in 2003, which in turn led management to decide to restructure the company in the autumn of 2004.

The operation mainly targets the Grosslangheim site in Germany: relocation of a part of its manufacturing to the company's eastern European operations and structural changes of the sites organisation. A reduction of 270 staff was planned, at the start, by the company's management. The restructuring was started in April 2005 and is, today, not fully completed. Staff representatives concentrated their efforts on trying to limit the number of redundancies to a "socially acceptable" level and to perpetuate saved jobs as there are numerous couples working at the site. Management is committed to granting laid-off employees financial compensation and to favour the setting up of a transitory company (reclassification unit).

At the end of the day, job losses are high: 200 lost, of which 90 who went through the reclassification company found new jobs. The consequences are also bad for the remaining workforce because all the collective agreements and fringe benefits are now in question: salaries, working time, overtime pay, etc.

The late realisation of management concerning the serious deterioration of the company's financial situation, coupled with the practice of price dumping by the large contractors (manufacturers) generates a high social cost for the workforce. The management/workforce negotiations for this operation would have highlighted the need to envisage in the future a co-piloting of restructuring operations by all the parties involved in and outside the company.