



Case study summary : EA

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- ✓ EA, a major supplier of equipment for the automobile industry, now supplies various kinds of integrated systems and components for the automobile manufacturers, accompanying the latter's long process of vertical disintegration. EA has many industrial sites worldwide, generally located close to its clients' assembly sites. The group also practices various levels of sub-contracting for primary parts. The western automobile markets are mature markets with relatively high volumes and intense competition, in which the various players now tend to develop niche strategies. The emerging markets are growing fast, but the situation is very different from one geographical region to another (Central and Eastern Europe versus South East Asia).
- ✓ EA is divided into different divisions, including the "electronics and liaison systems division" responsible for the production of wiring and wiring harnesses. These products have very low added value, using simple and very labour-intensive technologies, so that production costs have become an essential factor. After exhausting most of the other cost-reducing solutions (such as employing prisoners, in Spain), between 2000 and 2004 EA decided to outsource most production in this sector from its European sites (France, Spain, Portugal and Italy), to the Maghreb countries.
- ✓ This triggered the closure of a number of sites: 3 manufacturing sites out of 4 in France in 2000/2002 (including a former RENAULT plant); 1 site in Catalonia in 2003; and in 2004 1 site out of 2 in Portugal (Douro, which had already been downsized the year before), 1 site in Galicia and 2 in Italy (Basilicata and Piedmont). In Europe there remains 1 site in France, 1 in Italy, 1 in Portugal and 1 in Spain.
- ✓ In the 4 countries hit by the restructuring operations, EA did not involve the various players in the planning of the restructuring process, either internally (employee representative) or externally (the actors responsible for development in the local community). This was true both in terms of strategy and implementation once the decision to close the sites was announced. Governance is highly centralised and the local management teams on the various sites were not consulted, thus making it difficult for them to get involved in local development initiatives.
- ✓ EA is a perfect example of the absence of any concertation and cooperation in the handling of site closures. The various social support measures adopted to accompany the redundancy plan are activated in emergency mode, making the operation particularly traumatic. The only innovative aspect worth mentioning is the considerable involvement of the European works council (lively action on the part of the members) in terms of consulting and informing the workforce on the European dimension of the reorganisation. This involvement of the works council, backed by the expert commissioned to assist it, enables the players to have a global approach to the process and its implications.
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