

Case Study 3 (Adrian Carl)

HR interim manager in the context of a necessary restructuring of Germany's largest ATM manufacturer before a merger on behalf of the Chief Human Resources Officer of the AG

(parent company: turnover € 2.5 billion, 9,200 employees, Manufacturing GmbH and two subsidiaries 1,150 employees)

Customer & Initial Situation

The group was about to take over an American competitor. As part of the buyers' ideas and the Group Board of Management, the vending machine division had to be positioned more efficiently, and manufacturing costs had to be reduced. Due to a planned relocation of partial products to Hungary and a carve-out tool shop, 90 employees were to be reduced and a total of approx. € 4 million per year was to be saved. Historically increased a higher wage level above IG Metall collective bargaining level.

Role & Mandate

As interim HR manager of Manufacturing GmbH and the two subsidiaries, I reported monthly to the Chief Human Resources Officer together with the GF. I worked very closely and in coordination with the two managing directors of Manufacturing GmbH, Legal and lived a constructive, open and trusting cooperation with the social partners (BR, IG Metall). Together with the customer, we have defined the following task under the above-mentioned framework conditions:

- Ensuring HR daily business
- Conducting a necessary HR situation analysis to evaluate saving-potentials on the part of personnel and to minimize risk potential under collective bargaining, collective and individual law and to derive viable alternative courses of action
- Active advice and support of the GF in the context of upcoming negotiations on the reconciliation of interests and social plan with the social partners, as well as in the run-up to the derivation of a communication and negotiation strategy.
- Implementation of all agreed measures after the conclusion of the site security company collective agreement with waiver of remuneration, unpaid overtime, staff reductions, and the implementation of a rescue company. Adjustment of the remuneration adjustment (ERA) and the Working time regulations to increase flexibility
- HR data collection and reporting for the data room in the context of the sale's due diligence and the implementation of the transfer of operations in accordance with § 613a BGB of the employees of the toolmaking department

Goals of the client

- Toolmaking outsourcing.
- Evaluation of saving potential
- Evaluation of risk potential for the upcoming reconciliation of interests and social plan negotiations as well as derivation of suitable alternative courses of action.
- Later officially communicated staff reductions of 130 employees plus further necessary personnel cost reductions (contribution of employees) in the amount of € 5 million per year.
- Successful conclusion of the necessary reconciliation of interests and social plan with the social partners (BR and IG Metall).
- Operational implementation of all negotiation results

Challenges

- At the beginning, there was a high level of skepticism and a lack of trust on the part of the managing director and the works council regarding me due to the direct assignment by the board. However, I directly sought a conversation with the managing director in this regard, addressed the topic openly and looked for solutions. After concrete clarification of the rules of our cooperation and due to my open and direct manner, I quickly succeeded in gaining the trust of the managing director and the works council chairman.
- Complex stakeholder landscape (Executive Board, CEO, Management, Legal Department, Merger Team, 3 Temporary Employment Agencies, Works Council and Trade Union)
- Isolated managers' operation pursued their self-interests and did not play fair at the beginning. After some critical conflict discussions, I understood their problems, gained their trust, and tried to consider at least what was feasible (WIN-WIN)

Procedure & Central Measures

- Implementation of a situation analysis (remuneration system ERA, AT remuneration system, working time systems, personnel costs, organizational and management structure, collective bargaining, collective and individual law regulations and evaluation of possible savings (actuators) and risk potentials for the creation of a cost-assessed negotiation tool of various savings potentials/actuators, using an Excel tool.
- Together with the GF: Determination of negotiation goals, economic measures and elaboration of the CAP of € 5 million to be officially closed on the personnel side, as well as joint derivation of the communication and negotiation strategy and the respective roles.
- Preparation of a viable and feasible social plan where possible in coordination with the Head of Operations and Supply Management and the Chairman of the Works Council.
- Official communication before the start of negotiations to the management, the social partners and the workforce as well as to the press regarding the necessary planned restructuring measures and upcoming negotiations.
- Negotiation and conclusion of the reconciliation of interests and social plan as well as subsequent implementation of all agreed regulations.
- Implementation of the negotiated results, the reduction in staff and the outsourcing measure (toolmaking).

Results & Added Value

- Stabilization of day-to-day business despite restructuring; clear communication to employees, temporary workers and social partners.
- Transparent, resilient reconciliation of interests and social plan negotiations with the works council and IG Metall; Successful conclusion with only ninety employees to be reduced and a rescue company, staggered moderate wage increases over 3 years, without relapsing to collective bargaining, wage and salary losses of 7%, etc.
- Successful implementation of the carve-out toolmaking and transfer of operations of the toolmaking employees in accordance with § 613a BGB.
- Patched cleanup of ERA scores and adjustments to job descriptions. Losses for affected employees in a socially responsible manner over a period of 4 years
- Over-fulfilment of the planned cost reduction targets (six million cumulative savings) due to the renegotiated participation of comparable salary losses in the case of the temporary contractors with the three temporary employment agencies without an actual legal basis.