



SHUTTING DOWN A FACTORY OF A MAJOR US MNC

A major US engineering firm engaged X-PM to shut down their transformer plant in India and shift the equipment to one of their other facilities. However, after the start of the mission, the Client requested help in selling the factory if they could not agree on a Voluntary Retirement Scheme with the employees.

SITUATION

X-PM's Client had experienced declining sales of transformers and wanted to close a large transformer factory in India. To do this, they needed to settle with the over 600 direct and indirect workers.

The Client was faced with a very difficult situation in terms of local politics and the union. The workers had gone on strike to extract compensation equal to 10 years of salary per worker.

The situation was highly ambiguous and dynamic, with multiple players, multiple strategic options, and different payoffs for each move by each of the players.

SOLUTION

X-PM deployed a dynamic, charismatic, experienced manager to negotiate with union and local government, deal with an issue relating to industrial contamination, etc. in order to implement the action plan.

X-PM's Manager explored other options, such as selling the factory rather than shutting it down. Two potential buyers had already been identified, and X-PM's manager engaged with them.

To maintain maximum bargaining power, X-PM's manager adopted two parallel sets of activities: closing down the facility and negotiating with a buyer to keep the facility open.

RESULTS

The union rejected a generous VRS package, so X-PM's manager pushed for the decision to accept the buyer's offer.

X-PM's Manager engaged with the concerned government department to convince them that it was in their interest to facilitate the transfer of the lease to the buyer so that the factory would continue to operate and provide employment in the region.

X-PM's Manager led the negotiations with respect to the sale agreement, relying significantly on the legal expertise of the Client's in-house legal representative and two separate legal firms hired by the Client.



SHUTTING DOWN A FACTORY OF A MAJOR US MANUFACTURER

A leading US engineering conglomerate engaged NORGESTION to restructure their workforce, which was mainly involved in manufacturing, and then shut down the facility.

SITUATION

NORGESTION commenced work a few days before the Client announced its restructuring exercise. This would involve laying off 85% of the factory work force and termination of all manufacturing-related activities.

NORGESTION began with a 3-month consulting phase to study alternatives with the factory's works council.

At the same time, the Client needed to complete existing engineering projects that were already in progress since it was not practical to transfer them to other facilities.

SOLUTION

NORGESTION deployed an experienced interim Factory Director who charged with the management of production, maintenance, quality, EHS (Environment, Health and Safety), logistics, planning and industrial engineering, working with a team of 76 workers.

In addition to this, the interim manager was also made part of a European-level committee to monitor established objectives.

During the negotiation process, NORGESTION's interim manager actively collaborated with the HR department by providing valuable process inputs and creating a conducive environment for the execution of ongoing projects as the factory was being shut down.

RESULTS

NORGESTION's interim manager successfully executed the restructuring process without compromising on the agreed quality parameters for executing the ongoing projects. There was also not a single workplace accident during this period.

Upon completion of the restructuring process, the company sold the warehouse and transferred the existing machinery to its group companies.

NORGESTION's interim manager also successfully dismantled a warehouse, sold the used machinery and executed civil works to prepare the warehouse for the new customer.