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## Solar panel company, France

- Type of restructuring:  
Business expansion
- Employees before restructuring:  
50-249
- Employees after restructuring:  
50-249
- Nace/Sector:  
Construction
- Country:  
France
- Date:  
27/04/2011
- Keywords:  
Recession/Crisis

## Abstract

Changes in legislation led a French distributor and installer of photovoltaic solar panels to close regional offices and concentrate activities in one region. Some 10–15 staff were dismissed and others left voluntarily. The company has adopted a new business strategy, diversifying into other renewable-energy products to offset falling demand for photovoltaic products. It created 44 new call centre jobs in 2010, bringing staff numbers to 160 and has plans to expand into other regions once again and to hire many more staff.

## Organisational profile

The company is a French supplier of solar panels produced in Germany and Switzerland. It specialises in both the distribution and installation of solar panels and other energy-efficient products. The company was set up in the 2000s and gradually expanded to its current (spring 2011) 160 employees.

By the end of 2010, the company had several regional sites across France. Following a change in the legislation on PV (photovoltaic) systems, the company decided to concentrate all activities in one region and close the other regional sites. All employees at the affected sites were offered relocation to other company sites. This restructuring plan resulted in the dismissal of between 10 and 15 employees; additional workers left the company on a voluntary basis. Mainly administrative staffs were affected, while sales and technical jobs were kept. At that time, the aim was to reduce administrative overheads/ costs.

The company owner and managing director carried out technical and business administration studies and has considerable work experience in the sector, not only in France but also abroad.

In terms of workforce composition, the average age of employees is 30–35 years. There are very few employees older than 50 years or younger

than 30. On the whole, the company employs more women than men; however, it depends on the posts. There are more women working in the call centres (80% of the call centre staff are women) whereas only men are employed as skilled technicians and male employees tend to predominate in sales jobs. One company objective is to achieve a better gender balance in the workforce composition.

There are four employee representatives within the company. Only the call centre staff are represented by the French Democratic Confederation of Labour (Confédération française démocratique du travail, CFDT). Administrative staff and technicians are not unionised, by their own choice. The managing director regularly informs his staff directly about relevant issues.

## **Background to restructuring events**

The recent expansion of the business was partly facilitated by a favourable economic climate as the company is located in a region that has been less affected by the recent recession than other parts of France. There was no decline in orders during the crisis. Nevertheless, the impression is that nowadays the clients are somehow less receptive and more efforts are needed to achieve results compared to previous years.

The company plans to expand in the region and eventually to reopen other sites across the country. In 2011 the company launched a new business strategy based on product diversification covering a wider range of renewable energy-related products (that is, heating systems, thermal insulation, etc.). This strategy is deemed necessary due to the fact that the PV (photovoltaic) products do not sell as they used to – this requires a reorganisation to adjust to a more diversified and changing market.

As part of this strategy, the company envisages consolidating its position in France and expanding outside Europe. To this end, the company is now seeking to consolidate business relations with companies in North Africa and the United States. The long-term plan is to engage in production and cover the full chain from production to distribution and installation of energy-efficient products.

## **Restructuring processes**

In late 2010, the company created 44 new jobs for a new call centre, bringing the workforce up to 160 employees. The company received some subsidies from a large multinational which, after dismissing a large number of workers, reached an agreement with the local authorities to launch a so-called 'revitalisation' plan involving economic incentives for new businesses willing to invest in the area. At the time of the interview, the company was also likely to receive some public subsidies. The recruitment of the 44 employees at the call centre was completed by spring 2011. In 2010 the company achieved a turnover of €15 million, an increase of 20%. Following these positive results, in early 2011 the company announced the creation of 60 new administrative and sales jobs. However, the shortage of skilled labour is a major problem in the recruitment process. There are still 30 sales positions to fill. The new diversification strategy launched in 2011 entails the creation of 40 new jobs by the end of 2011 and another 200 new jobs with the opening of new sites across the country by 2013–2014.

The new strategy based on diversification was planned carefully before entering the implementation phase. This started with the analysis of the existing business process and workflow and subsequently the definition of a business plan. Different stages of the workflow were identified. The first stage involves the call centre employees who set the appointments with potential clients. In a second stage, these calls are followed up by the sales people who meet the clients to sell the products. The third stage consists of the administrative paperwork (opening and management of the client file) and the final stage is the installation of the panels and closure of the client file. The company monitors the share of successful contacts at each stage to ensure that the number of employees needed (in particular sales persons) are in place at later stages.

No consulting companies have been involved in the process of setting out and implementing the new business strategy: this would require additional financial resources that are not available. Also, more importance is attached to the opinion and expertise of the staff who are involved in the day-to-day activities. Communication and consultation with the staff is a key element of the organisational culture within the company. All staff are informed about the changes that will occur, and they are all provided with opportunities to grow and develop in the company.

## **Challenges and constraints of restructuring**

The most pressing issue is to find funding for the injection of funds to improve the cash flow. It is estimated that €2–3 million are necessary to grow and continue the business successfully. One of the problems is that the loan guarantees and credits provided by public authorities are too limited: an SME needs a bigger buffer of money to survive.

The recent support measures for SMEs introduced by the French government target mainly innovative SMEs, and SMEs that produce and/or export. SMEs operating in the service sector are not covered by these support measures. The net should be thrown as wide as possible to cover a larger number and wider typology of SMEs. Instruments and measures provided through the French state-backed investment fund FSI (*Fonds stratégique d'investissement*) and OSEO (support agency for the development of French SMEs) for the injection of funds are not effective because the eligibility criteria are often too restrictive.

To deal with this issue of lack of funds, the plan is to sell off a portion of the company to increase the shareholder equity/capital and have a bigger free floating cash reserve to prepare future investments.

## Restructuring advice and support

The company obtained some subsidies from a multinational company for the creation of the call centre. They also received an OSEO loan guarantee for €250,000. The company also sought additional subsidies from the general local council but without success.

The recent business expansion has been conducted without the support of any consultancy companies. There are not enough resources for this, so the company is obliged to do everything on its own. With regard to the diversification strategy, there is generally some reluctance to seek the support of consultancies and the company relies mainly on in-house expertise.

## Outcomes of restructuring

There is a clear and explicit HR strategy which was introduced in 2011. The main element of this strategy is continuous vocational training for all employees. The company started with the employees responsible for sales and will then target employees in the call centres and administrative staff. Technicians receive training on a regular basis. All training is provided by (local) accredited training providers. Also, a quality control system has been put in place to ensure that the HR strategy is effective.

Organisational adjustments are frequent in the company. However this continuous change is positive in many ways (that is, possibilities for promotion, salary increases, post upgrades, etc.). It is left up to each employee whether they want to progress in the company or continue with the same job. As a result of the business expansion, some employees have been promoted and posts upgraded. To cope with the rapid pace of change, continuous vocational training is part and parcel of the company's HR strategy. The company's responsibility is to ensure that all employees are provided with training opportunities.

In spite of this approach, which is firmly oriented towards the enhancement of employee skill sets, there is a relatively high staff turnover within the company. Many sales staff have recently left the company because they felt that their skills were not in line with the new business strategy. Even in the context of business expansion, employees are generally concerned about the impact of the forthcoming changes on their job.

## Commentary

As the company is not an innovative SME but rather driven by the need to respond to market demands, continuous change and adjustment of the business strategy is not an option but a must. This requires the company to be vigilant at all times, receptive and ready to adjust quickly. For example the company is certified ISO 9-2001; however, the company will have to apply for ISO certification again soon because the market changes continuously and there is a need to keep up to date in order to retain the business.

The recent growth of the company partly results from the continuous efforts to meet client demands which at times may put extra pressure on some employees.

## Author

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## Information sources

### Interview

Owner and managing director

- [European Monitoring Centre on Change - EMCC](#)
  - [About EMCC](#)
  - [European Restructuring Monitor](#)
    - [About the European Restructuring Monitor](#)
    - [Restructuring events database](#)
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