

- [European Industrial Relations Dictionary](#)
- [EurWORK publications](#)
- [Working life country profiles](#)
- [Case studies](#)
 - [Attractive workplace for all](#)
 - [Ageing workforce](#)
 - [Workers with care responsibilities](#)
- [Database of wages, working time and collective disputes](#)
 - [Dispute resolution](#)
- [News](#)
- [Events](#)

The tripartite EU agency providing knowledge to assist in the development of better social, employment and work-related policies

You are here

- [Home](#)
- [Observatories](#)
- [EMCC](#)
- [ERM](#)
- [Restructuring in SMEs](#)
- [Amirro, Czech Republic](#)

Amirro, Czech Republic

- Type of restructuring:
Internal restructuring
- Employees before restructuring:
50-249
- Employees after restructuring:
50-249
- Nace/Sector:
Manufacturing
- Country:
Czechia
- Date:
06/03/2012

Abstract

Since 1997, the Czech company Amirro operates in floating glass processing and manufactures mirrors. Due to an outdated information system and the crisis, the company has endured reduced sales, being forced out by cheaper products from China. Responding to market change, in 2009 the company outsourced IT services to implement a new information system in 2010. Short-term workers were transferred to a temporary agency in 2009–2010 to increase flexibility and reduce costs. Production was shifted from one site to another and streamlined. With two manufacturing plants and a company store, Amirro had 100 employees in 2012.

Organisational profile

Amirro s.r.o. was established as a limited liability company in 1997 through a split-off from the Czech-German APPL Spiegel s.r.o., in which Pavel Holejšovský – Amirro’s current owner – and Mr Appl were partners. APPL Spiegel’s main business activity consisted of the distribution of the mirrors produced at the Czech plant in Zeleneč to Germany. Although APPL Spiegel was growing at a rate of 200% annually, Mr Holejšovský withdrew from the company because of deteriorating cash flow and in order to improve the financial situation. Now, Amirro no longer cooperates with APPL Spiegel. However, the positive aspect of this Czech–German cooperative effort was that, despite splitting off, Amirro retained its supplier relationships with German manufacturers of furniture, bathrooms, etc.

Currently Amirro is involved in floating glass processing and the manufacture of mirrors for company interiors, households, bathrooms, and decorative purposes. It is the largest producer of interior mirrors in the Czech Republic. The input materials consist of high-quality floating glass and mirror panels. The company’s primary activities consist of glass-cutting (regular and irregular shapes), grinding, polishing, engraving, and faceting. The manufacturing plant is equipped with machinery for sanding, varnishing, screen-printing, and tempering glass.

Pavel Holejšovský, one of the case study interviewees, is one of the company’s owners and executive officers. The company has a flat management structure, with the owners and executive officers, Pavel Holejšovský and Zdenka Holejšovská (a relative of Mr Holejšovský), at the top, and the general director and the finance and production director at the level beneath them. The restructuring processes are organised centrally,

that is, directly by the owners.

Mr Holejšovský has a university education and was originally employed as a technologist at the Kavalier Glassworks. Between 1985 and 1990, he was a state administrative employee. He later established his own mirror manufacturing company, which later merged with APPL Spiegel. At that time, the company (still operating under the name of APPL Spiegel) was based in Zeleneč. It expanded its operations to the former machine and tractor station in Uhlířské Janovice. There are 25 employees at that particular location. The company also purchased premises in Čelákovice, which is the current site of its headquarters and where 72 individuals are currently employed. In 2004, manufacturing operations were transferred to the Čelákovice location from the rented premises in Zeleneč. In addition to the manufacturing plants, the company also owns a company store in Prague-Horní Počernice with three employees. Altogether the company had 100 employees at the beginning of 2012.

As far as the company's employee structure is concerned, 70% are women. Overall, the employees fall into the older age groups, as the company's executive officer believes that these individuals have a better work ethic than the younger age group. With regard to potential young employees, the company's owner mentions that they are frequently uninterested in working in a manufacturing company. In addition, competition in the labour market in Prague is quite high, and therefore young people either take on jobs where the requirements for manual labour are lower or, as the owner mentions, choose to remain unemployed. The educational background of the employees differs according to gender. The female employees tend to have a secondary school education, whilst the male employees generally have lower qualifications. In the case of upper management, the proportion of employees with a university education is higher. As concerns nationality, approximately 10% of the employees are of foreign origin – mostly from Ukraine.

Employee turnover is higher at the Čelákovice plant due to the influence of Prague's more competitive labour market within the region. (In December 2011, the unemployment rate in Prague-East, the district in which Čelákovice is located, was at 3.3%) In Uhlířské Janovice, which is located further from Prague, the work team is much more stable. (In December 2011, unemployment in the Kutná Hora district was at a level of 9.2%) In spite of the fact that the Ukrainian employees are agency workers, they are more stable and almost irreplaceable within the manufacturing process and hold higher positions, usually as technicians, tool setters, and machine operators. Employee turnover has in fact displayed a certain degree of stabilisation, primarily in relation to the economic crisis.

The company does not have a documented human resource development strategy. According to the executive officer, a company such as Amirro does not need this type of strategy because training needs are met at the moment when they occur. As a result, the company does not organise any external training for its employees. However, as the company's executive officer claims, the employees learn internally within the company with the assistance of their supervisors and thus ensure their career progress (as can be proven in the case of several production employees). There have been no unions established at the company and there is no works council; however, an effort is made to hold open discussions and information meetings (bi-weekly), at which everyone has the opportunity to voice their personal opinions.

Amirro's executive officer defines his company as an international enterprise and emphasises that, within the current environment, maintaining a nationalist perspective and opinions does not serve any purpose. The deliveries of glass are provided by a Czech manufacturer; however, that manufacturing plant is owned by the international concern AGC Glass Europe. As far as sales are concerned, approximately 60% of production output is exported. The main Czech customers consist of international DIY chains; however, the company is being forced out by cheaper (and lower quality) products imported from China. As a result, Amirro no longer does business with Baumax and Globus. Further expansion to the German market is planned for the future, aimed specifically at intermediate consumption. At the beginning of 2012, the company began searching for a German partner, as the company's executive officer believes that his products are not as marketable under the Czech image. In addition, the large German market was the least impacted by the economic crisis.

On the domestic market, specifically through its company store in Prague, Amirro does not achieve even 1% of its total sales turnover. It delivers 40% of its production nationally and the remainder is exported, with 95% of the exports going to European Union countries. In the period 2009–2011, turnover was stable at a level of CZK 90-95 million (€3.6-3.8 million). Prior to the economic crisis, however, turnover was approximately CZK 115 million (€4.6 million in 2008). The company estimated a turnover of CZK 120 million (€4.8 million) for 2009, but many planned contracts were called off. An even larger drop in sales was prevented through the acquisition of new contracts. The company's profits over the long term have been in the positive numbers, with the exception of 2011, when there was a CZK 2 million (€80,000) loss. In that particular year, the company relied on one large customer who promised a turnover of CZK 15 million (€600,000), but in the end the total was only CZK 7 million (€280,000) and during the interim period, the company's smaller customers found different suppliers.

In this crisis situation, the company was looking for solutions which would increase its competitiveness. It focused on its weaknesses – an obsolete information system, inflexible employment of workers and low profitability of the plant in Uhlířské Janovice.

Background to restructuring events

Up to 2009 Amirro used a simple management system designed using Microsoft Access, which collected data separately for production, warehousing and accounting management. This data administration was performed internally. The way the system was set up caused many problems. In addition to the separate data flows, the main problem was the inability to access instant information about production, warehousing and despatching, which made it impossible to react immediately to developments on the market. According to Mr Holejšovský, in today's fast-moving environment, rapid access to information is invaluable, particularly in relation to further production planning. In this respect, it is possible to say that the restructuring was a flexible response to changes in the market.

The company has had employees working on the basis of short-term contracts since the very beginning (approximately 10% of the employees have such contracts, while the rest of the staff have permanent contracts). However, most of the short-term workers have been of foreign origin

(mostly from Ukraine) and this fact caused some difficulties concerning the administration of these workers which required work permits, complicated billing, and other issues. Also the employment of such workers did not allow Amirro's managers enough flexibility. When there was a lack of contracts, there was not enough work for all the employees, but some of them could not be made redundant immediately as the notice period in the Czech Republic is two months.

Prior to 2008 products produced in Uhlířské Janovice were very similar to those manufactured at the plant in Čelákovice. However, the profitability of this production was low, up to the point of loss, due to the frequent flow of materials and information between this location and the central site in Čelákovice. Originally, the company planned to shut down this manufacturing plant, but due to a fairly capable work team and the lower wages in the region, a decision was made to maintain the production at the site with the condition that it would be rationalised. Therefore the managers of Amirro started to look for a new business opportunity for the plant in Uhlířské Janovice.

Restructuring processes

Two types of restructuring have taken place within the company. The first type, outsourcing, was accomplished in two different ways: outsourcing IT services and workforce outsourcing. The company also underwent internal restructuring by means of shifting production between Čelákovice and Uhlířské Janovice and rationalising production.

In 2009, the company started cooperating with a Nymburk-based company with regard to the implementation of a new information system. The IT company was contracted on the basis of a recommendation of a friend of Mr Holejšovský. The existing hardware was, however, inadequate and a new server had to be purchased. By chance, at the same time CzechInvest (the investment and business development agency of the Czech Republic) published a call for projects which promoted ICT services in enterprises. The company decided to apply for a subsidy. The subsidy application was prepared in cooperation with an external company. It was subsequently approved and new hardware and software were installed in 2010. This made it possible to establish online interconnectivity between the production and the accounting modules for all three of the company's sections (the production plants in Čelákovice and Uhlířské Janovice and the company store in Prague).

The second form of outsourcing involved temporary agency workers. In 2009–2010 the company's management decided to transfer all short-term workers to a temporary agency. The reason for taking this step was to ensure greater workforce flexibility, to decrease the administrative demands associated with the employment of these workers, and, no less importantly, to attain certain financial benefits as the use of agency workers is somewhat less expensive for the company. There was no written plan for implementation of this measure. The entire procedure took a few months from the date of the management announcement as only five people were transferred under the temporary work agencies. Concerning the opinion of the employees on the transfer, their reactions were negative, because their salary decreased after the transfer. Later, all of the temporary workers who experienced the transfer left the company because of various reasons (return to their home countries, death of one worker) and now there are approximately 10 people in the company whose jobs are mediated by the temporary work agencies.

As regards the internal restructuring or more specifically the rationalisation of the business activities of Amirro, thanks to the acquisition of a contract to grind glass nail files for Blázek Glass s.r.o. in 2008, the company was able to place this order in Uhlířské Janovice, where there is no other activity now. After a switch in staff, when an older less ambitious worker was replaced with a very capable younger employee (the older worker retired although he could have continued to work in Amirro in another position), work productivity increased greatly at this branch and the plant currently grinds approximately 150,000 nail files a month. This fact has allowed the production plant to be maintained, and thereby also the jobs in Uhlířské Janovice. The number of employees has not, however, changed significantly since the acquisition of the contract because, as explained above, productivity increased both in Uhlířské Janovice and Čelákovice.

The project for implementing the information system was completed in 2010, although the preparations for this project were started in cooperation with an external firm in 2009 and the running-in period for the system lasted several months after the project was physically completed at the end of 2010. The transfer of all hired personnel to the employment agency took place at the end of 2009 and the start of 2010. These workers continue to be hired also in 2012. The process of rationalising production at the Uhlířské Janovice plant took place from approximately 2008 to mid-2009. There was no precise plan for the above-mentioned restructuring steps – only several key points were documented. Mr Holejšovský believes that in the case of a company as small as this one, a very detailed plan is not necessary.

The company's employees certainly had to be informed about the implementation of the new information system in order to ensure a smooth conversion to the new system. In this regard, the company cooperated with an external company for providing employee training. In addition, there was one member of the work team who already had experience with the new system. Because the short-term workers have been working at the company since it was established, the introduction of the new working arrangement which caused their transfer under the temporary work agencies, was not anything new as far as the permanent staff was concerned. For this reason, it was not necessary to provide extensive information about this change. Mr Holejšovský describes the relationships between the regular employees and the agency workers (who are Ukrainians for the most part) as peaceful and without animosity. The workers were informed in advance of the new focus of the production at Uhlířské Janovice in order to facilitate their preparation for the new production activities. In fact, this information was gratefully received as, at that time, some employees were feeling very uncertain about the future of operations in Uhlířské Janovice.

Challenges and constraints of restructuring

The company did not encounter any of the major problems sometimes associated with restructuring. In spite of a drop in salaries of workers who

were transferred to a temporary work agency, Mr Holejšovský did not notice any decrease in the productivity of workers. There was only an error made by the consultancy firm at the time the subsidy application was prepared, when it did not take note of a change in the methodological instructions for holding a tender and thus the correct procedure was not followed during the tender for the information system and, as a result, the tender process had to be completed at a later date. Otherwise Mr Holejšovský is not aware of any serious errors that affected the restructuring.

Restructuring advice and support

A subsidy from the Industry and Enterprise Operational Programme provided 60% of the financing for the purchase of the hardware and the software required for implementing the company's new information system. The total subsidy received was CZK 1,615,844 (approximately €64,000). A loan corresponding to the amount of the subsidy was used for the advance financing for the project. It was not a big problem (concerning negotiations with a bank) to obtain it. The remaining restructuring steps either did not require any financing or the company financed them from its standard operational loan.

Other than the financial support, which Mr Holejšovský considers to have been very beneficial, the company's executive officer did not feel the need for any special support for the restructuring processes. The company did, however, take advantage of support provided in the form of information at the time the subsidy application was prepared, both from the firm that actually prepared the application as well as from the firm that is currently responsible for administering the company's information system and which also defined the system requirements for the subsidy application. However, for future cooperation with consultancy firms, Mr Holejšovský recommends selecting only a firm with a good reputation on the market in the interest of preventing any possible misunderstandings. There was a slight problem with the subsidy application for the implementation of the information system, when the consultancy firm did not take note of a change in the methodological instructions for the tender proceedings and, as a result, the proper procedure was not followed in the tender for the information system. Fortunately this problem did not evoke the necessity of resubmitting the application; however, the provided subsidy had to be cut correspondingly.

Outcomes of restructuring

The benefit of the new information system was summarised by the company's accountant, Jitka Müllerová (almost ten years employed in Amirro). As an accountant, she has abundant experience with the new information system as well as with the situation prior to the time it was implemented. Mrs Müllerová mentions that the new information system has made her job much easier. Before, she had to complete analyses using data from numerous sources, which was demanding from the perspective of time and also very stressful. Thanks to the interconnectivity between the production and accounting modules, she can export the required data almost instantaneously. The implementation of a barcode system made it possible to obtain immediate data and the company switched over to a just-in-time manufacturing strategy. Another benefit of the barcode system was the introduction of a motivational programme for employees which is based on observation of the employee performance.

Although the search for an ideal setting of the motivation system is still in progress, this change enabled growth of the productivity of work and also most of the workers perceived it positively. There are various reasons for this. Firstly, no punishment for defective work has been implemented. Secondly, the whole production process is better arranged now. The workers can immediately control the amount of already completed products and they do not need to rely on lists on paper or in the head of a foreman.

Outsourcing of temporary agency workers will lead to significantly high savings in labour costs during periods when there is a lack of orders. As far as the hired workers are concerned, from the point of view of Mrs Müllerová, the fact that they are hired through an employment agency has made her administrative tasks much easier (before, the company had to obtain work permits, pay withholding tax, deal with complicated billing, etc.).

Internal restructuring in the form of rationalisation and redeployment of production has created a clear division of tasks between the two Amirro plants in Čelákovice and Uhlířské Janovice. This led to significant savings in the costs associated with transporting materials and preservation of approximately 25 jobs in Uhlířské Janovice.

Although there was no written restructuring plan and all the restructuring steps proceeded on the base of verbal communication, Mr Holejšovský says that it is advisable for the communications between members of the management involved in the restructuring to be documented at least in the e-mail system in order to prevent possible misunderstandings.

According to Mr Holejšovský, the restructuring steps that were completed fulfilled their purpose. At the time they were implemented, the aim of the restructuring measures was not to guarantee immediate growth, but rather to stabilise the company during the economic crisis and to prepare it for future growth. The individual forms of restructuring that were selected made a significant contribution towards this objective. The new information system made it possible to improve the effectiveness of production thanks to setting up a motivational programme for employees (bonuses based on employee performance). In addition, it was possible to preserve the production operations at the Uhlířské Janovice location. Production is now managed in a much more sophisticated manner, material flows in particular, and the company is prepared for further expansion.

Although the number of employees continues to be more or less the same, if the production programme for the Uhlířské Janovice plant had not been modified, it is most likely that production operations would have been completely terminated at this location and all the employees would have been made redundant.

Mrs Müllerová was trained to use the new information system without any problems. The changes associated with the hiring of agency workers became more apparent in the company's administrative section. The individual permanent employees and agency workers were not affected in any

way, as the regular employees were already accustomed to hired workers from the Ukraine (in addition, many of these workers have been at the company for a long time). As far as Uhlířské Janovice is concerned, Mrs Müllerová is glad that production operations were maintained – all in all, she also benefits from this.

No employees were let go as a result of the restructuring if they were performing their work obligations conscientiously. All the redundancies in the period of restructuring related to the natural turnover of employees. The employees' reactions to the restructuring processes were therefore all positive (especially in Uhlířské Janovice) and the restructuring changes were only for the better.

Commentary

Mr Holejšovský claims that small and medium-sized enterprises are much more flexible during the restructuring process than is the case with larger companies because SMEs are not as bound by various regulations, directives, etc. during the restructuring process. On the other hand, SMEs lack the expert personnel who would be able to draw attention to the possible risks associated with restructuring steps. As a result, large enterprises can more easily determine the expected results of the restructuring. In addition, they have fewer problems with access to bank loans (the bank that provides Anirro with its operational loan is starting to have more concerns with regard to providing credit to the company for future years, in spite of the company's almost completely stable financial results).

Mrs Müllerová shares the same opinion as Mr Holejšovský concerning the flexibility of SMEs which is the main advantage of small and medium-sized enterprises due to their flat organisational structure. Many agreements can be reached 'over lunch'. On the other hand, admits the accountant, certain decisions made within such a small group can be too hasty.

When asked if he has any recommendations for other small and medium-sized enterprises, Mr Holejšovský referred to the current turbulent global economic environment. He said that certainty is required, as uncertainty will require further restructuring. In this regard, he mentioned such things as currency exchange fluctuations, which have a great impact on business success (in the past, the company exported products valued at almost CZK 40 million (approximately €1.6 million) to Russia, but when the dollar weakened in relation to the crown, this was no longer worthwhile and now hardly any products are exported to Russia). For this reason, Mr Holejšovský supports the implementation of the euro in the Czech Republic and has already partially converted to using this particular currency – other than for employee salaries and sales, he conducts all business only in euros. Mr Holejšovský also notes that it is necessary to always be flexible and to respond quickly to market requirements – it is necessary to remain consistently active with regard to seeking out investment companies.

Authors

Vladan Hruška and Petr Bučina, RegioPartner s.r.o.

Information sources

Interviews

Pavel Holejšovský (owner and executive officer of Amirro s.r.o.) and Jitka Müllerová (employee)

Company website

<http://www.amirro.cz/cz/index.php>

- [European Monitoring Centre on Change - EMCC](#)
 - [About EMCC](#)
 - [European Restructuring Monitor](#)
 - [About the European Restructuring Monitor](#)
 - [Restructuring events database](#)
 - [Restructuring support instruments](#)
 - [Restructuring related legislation](#)
 - [Restructuring case studies](#)
 - [ERM publications](#)
 - [European Jobs Monitor](#)
 - [Labour market research](#)
 - [Case studies](#)
 - [Future of Manufacturing in Europe \(FOME\)](#)
- [European Observatory on Quality of Life - EurLIFE](#)
- [European Observatory of Working Life - EurWORK](#)

Quick links

- [Legal information](#)
- [Data protection](#)
- [Environmental policy](#)
- [Cookies](#)
- [Subscriptions](#)
- [Multilingualism](#)
- [Templates for Eurofound reports](#)
- [Eurofound style guide](#)
- [Management Board extranet](#)
- [Map - how to get to Eurofound](#)
- [FAQ](#)
- [Sitemap](#)

Social media

- [Find us on Facebook](#)
- [Follow us on Twitter](#)
- [Follow us on LinkedIn](#)
- [Subscribe to our YouTube Channel](#)
- [Subscribe to our RSS feeds](#)

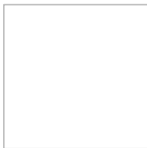
Contact us

Eurofound, Wyattville Road, Loughlinstown, Co. Dublin, D18 KP65, Ireland

Phone: (00) 353 1 2043100

E-Mail: information@eurofound.europa.eu

Press: media@eurofound.europa.eu



[MEMBER OF THE NETWORK OF EU AGENCIES](#)



[EUROFOUND ACHIEVES EMAS REGISTRATION](#)



Eurofound is an agency of the European Union

- [Access to internal documents](#)
- [Financial information](#)
- [Archives](#)
- [Information centre](#)
- [RSS feeds](#)

© Eurofound 2023

[Top](#)