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Technofluid, Belgium

- Type of restructuring:
Business expansion
- Employees before restructuring:
50-249
- Employees after restructuring:
50-249
- Nace/Sector:
Manufacturing
- Country:
Belgium
- Date:
23/04/2012

Abstract

Company funds and two bank loans of €2 million each were used to fund restructuring by Technofluid, a Belgian firm that originally sold pneumatic and hydraulic equipment. Changes in the company included a new business philosophy and human resource policy, relocation and expansion into a new line of business, photovoltaic solar panels, as well as growing its original area of business. The restructuring spanned the years 2004–2009, involved regular consultation and ballots of staff and led to substantial growth in turnover.

Organisational profile

Technofluid S.A. is a company involved in the sale and distribution of wholesale machinery for industry, specifically compressed air production, pneumatic components, instrumentation, hydraulic components and vacuum pumps. In 2009 Technofluid launched a new product line the installation and maintenance of photovoltaic panels, via another company, Technosun S.A.

Technofluid's and Technosun's main premises are in the industrial zone of Awans, close to the city of Liege, in the Wallonia Region – the French-speaking part of Belgium. The company also has premises in Wetteren, close to the city of Ghent, Flemish Region, the Dutch-speaking part of Belgium. Moreover, Technofluid has a branch in a sister company, Belgian Instrumentation Products BVBA/SPRL, in Herentals, close to Antwerp, employing five people.

Technofluid was founded in 1968 by Henri Bouhy and his wife. One of their sons, Jean-Luc Bouhy joined the company in 1986 and became the general manager two years later due to the health problems of his father. Jean-Luc Bouhy is a qualified electromechanical civil engineer and also holds an MBA business degree *Haute École de Commerce* of Liege.

The company is held by a family holding company, Technohold S.A. There are no other firms in Technohold apart from Technofluid and Technosun. Employment figures given below are for both Technofluid and Technosun. The purpose of this corporate structure is to separate the management from the company, including to 'professionalise' it by separating it from family emotions.

Until recently Technofluid had approximately 50 employees. With the launch of the photovoltaic panel activities, the company hired approximately 30 additional staff. In 2012, Technofluid /Technosun had 85 employees approximately, including the management. The management is composed of 12 employees, including Jean-Luc Bouhy and his two sons. Most of the workforce has a higher vocational diploma (*graduat*). Some workers have no diplomas, but the company has five engineers and a couple of additional employees with a university degree.

The company's activities are mainly carried out on a local or national basis. The geographical split of the company's activities is as follows:

	Traditional activities	Photovoltaic panels
Local (within a 30-km radius)	20%	80%
National	79%	20%
International	1%	0%

Following the above-mentioned increase of personnel, Technofluid now meets the legal thresholds under which a company can be obliged to set up a union delegation (*delegation syndicale*). (Under Belgian law a company employing at least 50 people may be requested by one of the three official trade unions to set up a union delegation.) Social elections are currently (summer 2012) being organised within Technofluid.

Since 2005, the average turnover of Technofluid steadily grew from approximately €8 million to €10 million per year. In 2010 and 2011, turnover increased to €12 million and then to €23 million.

The interviewed employee, Anita Rouvrois, has worked at Technofluid for over 30 years. She has a higher vocational diploma in office work and currently holds the position of Administrative Coordinator in the compressed-air department. In the past, she held a similar position in the pneumatic components department.

Background to restructuring event

The triggering event is a single and unplanned event, namely a moment of insight that the general manager experienced at a seminar on management he attended in 2004. By 'moment of insight' it is meant that he understood in a new way what mattered to him in terms of management, that is to run his business in a more 'human' way, with a clear mission statement and clear values shared by everyone and by taking into account the viewpoint of employees and promoting the well-being of everyone. He subsequently found the energy to work on it and implement it. The restructuring that took place within Technofluid is thus not linked to general tendencies on the market and can be traced back to a single moment.

The development of photovoltaic panel activities is due to a fortuitous event. Technofluid's management, wanting a 'green' building as new premises, decided to purchase photovoltaic panels that would cover half of the surface of its roof. The vendor they contacted refused to carry out the job; Technofluid then decided it would do it itself.

The general manager was well aware of photovoltaic panels in Belgium back then because he had investigated the sector on behalf of his brother (but not for Technofluid). Indeed, the brother, active in the compressed air dryer sector, was at the time seeking product diversification, hence the knowledge of Mr Bouhy. The decision to move into photovoltaic could thus be taken quickly.

Restructuring processes

The restructuring event which took place at Technofluid is an internal restructuring, consisting of implementing a new human resource and management policy, which resulted in the development and the launch of a new product line, namely the installation and maintenance of photovoltaic panels. The restructuring event is thus furthermore a business expansion consisting in the offering of a new product line. It caused the creation of about 30 additional jobs and an increase of turnover of almost 100% in 2011 (from € 12 million in 2010 to € 23 million in 2011).

The restructuring event went on for several years and can be split into several milestones:

(i) Definition of a new course of action for managing the company:

- 2004 – general manager's insight during a management seminar.
- 2004 – definition of the company's corporate values, by working groups, including the staff. This results in the adoption of a corporate charter containing 10 chapters, on the company's values such as 'team spirit', 'respect', 'responsibility', 'honesty', 'dialogue', principles regarding client management, and so on.
- 2004–2006 – coaching sessions and advice for senior management from professionals and consultants.
- 2006 – launching a human resource policy on the basis of the 'Investors in People' international methodology.

(ii) Relocation:

- 2006 – submission of four projects on changes in the management of the company (new location of premises for example) to the vote of the board of directors, the employees and the suppliers. The project to move premises was rejected by the board of directors but this was followed by a massive vote by employees in favour of the project. It took two additional board meetings to obtain the final decision to

relocate premises.

- 2008 – overwhelming vote by employees in favour of the moving the company to new premises. The board endorses this decision, which leads to relocation, still within the Liege Province.

(iii) *Activity expansion:*

- 2009 – moving to the industrial zoned area of Awans, which allows for two things, (i) the development of new activities requiring more space, such as large-scale compressed air operations; and (ii) the development of photovoltaic panel activities.

The restructuring event was not planned. Consequently, there was no plan to implement and no record of implementation or adjustments. Moreover, no other options were considered than the ones mentioned above.

The restructuring was funded by two loans from banks, of €2 million each. These loans financed the acquisition of two new premises and the remainder was funded with the company's own funds. Mr Bouhy does not specify whether these loans were difficult to obtain or not.

Early on, employees were involved throughout the process via regular meetings and votes, including a vote on whether or not to move premises. In total, five staff ballots were organised. Additional meetings with specific teams or categories of employees were also set up. Since 2009, the management has organised a yearly plenary event where the results of the previous year are explained as well as the course of action for the following year.

Ms Rouvrois confirms that employees were involved throughout the restructuring process, as described above. No important decision was taken without prior consultation, and sometimes a vote, of employees. She sees this as positive as she feels employees are not '*mis devant le fait accompli*' (confronted with already decided issues). She reports that some people gossiped extensively during the restructuring process. This generated fears and uncertainties among workers, which were greatly reduced thanks to the open policy implemented by the management. For instance, the general manager set up meetings whose purpose was to talk openly about ongoing change. This reduced the amount of rumours.

Challenges and constraints of restructuring

The management faced some issues and challenges during the restructuring process. First, a dispute arose between the general manager and two other directors, a family member and the sales manager. The two directors were systematically opposed to the restructuring event and eventually left the company. The new corporate structure, the creation of a family holding company to separate the family from the day-to-day management of the company, is partly explained by this event. Second, the general manager suffered from health problems during 2006 and got help from health professionals as well as from management coaches and other professional consultants.

Ms Rouvrois confirms that some workers were strongly opposed to the restructuring process but she feels that, globally, the restructuring event was perceived as positive by numerous employees. She certainly sees the restructuring event as positive, with figures and results 'speaking for themselves'. She does not see how things could have gone better.

Restructuring advice and support

Financial support

Besides the loan mentioned above, Technofluid had access to public funds (notably from the Wallonia Region) for training on human resources and management techniques that were implemented throughout the restructuring process. Mr Bouhy explains that these resources were effective as he would probably not have gone through the whole process without this financial support. He does not report any serious difficulty in accessing these support resources at the time.

However, one improvement could be to cut down on the administrative burdens that he says could deter managers from using such funds. For instance, Mr Bouhy had to go through a preliminary social audit that was certainly useful but lasted three days and cost him a lot of time, energy and money.

Non-financial support

Mr Bouhy benefited from numerous non-financial supports, such as:

- consultancy services in human resources and management;
- personal development coaches;
- services from health professionals, including doctors;
- moral support from family and friends.

The general manager paid for the first three types of supports mentioned above. He received public funds in support of the services for training on human resources and management techniques. He is satisfied with the price/value ratio of these services.

Outcomes of restructuring

The restructuring did not take place according to a pre-defined plan, so it is not possible to say whether it resulted in the planned outcome for the workers and the company. The restructuring event is globally perceived as positive, taking into account the excellent results that followed it (increase of turnover and of employee numbers).

Regarding employment effects, it should be noted that there was:

- almost no negative numerical adjustments beside the laying-off of the two directors mentioned above;
- no working time adjustments;
- an abolition of the obligation for employees to 'clock-in';
- slightly more significant pay increases than in the past;
- substantial increases in staff training, in the fields of ICT, other skills and in personal and professional development.

The willingness of the general manager to give more independence and responsibility to employees (such as the removal of the clock-in obligation) should also be noted. At the structural level, this has resulted in the creation of five main departments within the company, roughly corresponding to the main product categories offered. These departments have more autonomy than in the past. Reporting lines were made more flexible.

The company's management of course had to face employee reluctance, including strong opposition at times, but, as a general rule, the restructuring event was positively welcomed by most employees. A few people left the company, notably at Ghent. The general manager explains these departures by the fact that changes were implemented quickly and within a short time frame. By this, he does not mean that there was not enough time to deal with all the concerns of each employee, but simply that these people were reluctant to change whereas change occurred within a relatively short time frame.

As far as the general manager is concerned personally, the restructuring event generated positive outcomes regarding his own assets and personal satisfaction.

The general manager has plans for the future, notably refining his human resources and management strategy. A human resource director was hired and is based in the Ghent premises. Moreover, the general manager is currently working on his succession and the transfer of power. He also contemplates creating a new corporate structure, by splitting activities between different independent companies.

Ms Rouvrois explained that she personally benefited from the restructuring. Before the restructuring event took place, she was very stressed in her position as administrative coordinator for pneumatic components. She attributes the stress to the short and numerous deadlines she had to face. She explains she could not cope with work and had to work extra hours on a regular basis, which caused her fatigue and stress.

In the context of the 'human restructuring' described above, she understood that she too could improve her personal situation within the company so she worked on her problem and explained it to the management. Eventually, she and the management found a solution. Her new position, administrative coordinator for the compressed-air department, causes her less stress as she now has fewer deadlines and works on a longer-term basis, which suits her personality better.

Following the restructuring event, she had access to training that was not available in the past, notably in ICT and technology.

She explains that her relationship with other workers has not changed: it has always been very good. Her relationship with the management improved as the management is now more open to employees' needs than in the past. She says the restructuring event created a more serene work atmosphere, in turn increasing productivity. She feels more focused on her work now and expects other colleagues are too. The team spirit has greatly improved.

Commentary

Mr Bouhy believes that large companies are less flexible than SMEs in implementing change. This is notably due to the presence of trade unions that are often reluctant to change. On the other hand, large companies have more technical, human and/or financial resources for defining and implementing changes.

If anything, Mr Bouhy would have done exactly the same thing 20 years earlier. He recommends administrative simplification for access to public support for SMEs. He views support for 'investing in people' as a necessity.

Ms Rouvrois underlines that job saving is more important for managers of SMEs than in larger companies and sees this as positive. She also believes that 'investing in people' is easier to implement in small companies than in larger ones.

Author

Information Sources

Interviews

Jean-Luc Bouhy, General Manager, and Anita Rouvrois, employee [Error! Hyperlink reference not valid.](#)

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