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Boris 45, Spain

- Type of restructuring:
Business expansion
- Employees before restructuring:
50-249
- Employees after restructuring:
50-249
- Nace/Sector:
Hotel / restaurants
- Country:
Spain
- Date:
14/11/2011

Abstract

Spanish catering company Boris 45 established an additional plant and took over the management of a distribution unit after winning a public tender for hospital catering services. In order to familiarise staff with the products for the new client and the new production processes, substantial training was offered. People in charge of each unit were trained externally and then passed on their new knowledge to the other employees in training organised by the HR department.

Organisational profile

Boris 45 was founded in 1985 in Barcelona. Its new plant in the city of Reus (which forms the basis of this case study) was opened in August 2010.

The main economic sector or activity in which the company operates corresponds to the NACE Rev2 code 56.2: 'event catering and other food service activities', aimed at specific organisations.

The company is a family business, so all capital is owned by a single family, originally from Barcelona. The company is registered as a Public Limited Company, and its shares are all distributed among family members. One member of the family is the manager, in charge of running the daily organisation and in control of the business. The administrative board of Boris 45 comprises eight members (including the manager) with a total of six family members.

The main production plant (the firm's headquarters) is in Barcelona, with 70 employees (as at November 2011). The business unit in Reus has 20 employees. A new production plant (a central kitchen) was expected to be opened in 2012, next to the Reus unit, employing 10–15 people.

The company's market is limited largely to the region of Catalonia (mainly Barcelona and its surroundings) which is considered an urban area.

Company growth in 2011 was expected to remain stable. The main business aims were to grow and to reach new clients and distribute food to

more institutions such as hospitals, old people's homes, and schools

Boris 45 has a works council of five people, representing the interests of all employees, (any Spanish company with more than 50 workers has, by law, to have a works council). Two people on the council represent the General Union of Workers ([UGT](#)) and three represent The Trade Union Confederation of Workers' Commissions ([CCOO](#)) the main Spanish trade unions.

Background to restructuring event

Boris 45 is an example of an extension of business activities in order to serve a new client in a different location.

The main impetus for this has been the identification of a new business opportunity, based on a public tender for the new hospital of Sant Joan in Reus. This required the winning bidder to build a 'hospital satellite unit' in the Hospital of Sant Joan (intended for the reception and distribution of food in the hospital), and also a new production plant or 'central kitchen' in the industrial park of Reus.

After being awarded the contract to manage the hospital catering services, in November 2011, Boris 45 became responsible for the 'hospital satellite unit'. This serves as a centre point from where the food is plated and distributed to patients. However, the 'central kitchen' is still under construction. Hence, Boris 45 buys in cooked food from another firm, which Boris 45 arranges and distributes at its 'hospital satellite unit'. Once the new 'central kitchen' is ready, the company will cook its own food to serve the hospital satellite unit, as well as other new potential clients such as other hospitals and schools.

Boris 45 has been in charge of the new Sant Joan hospital catering services since August 2010. Reus hospital was transferred to a recently constructed building opened in December 2010. At this time Boris 45 started to work in the new 'hospital satellite unit'. The 'central kitchen' was expected to open in May–June 2012.

Restructuring processes

All decisions concerning the planning and management of the restructuring process were taken by the company's management board at the Barcelona headquarters, led by the general manager. The works council was not involved in the decision-making process.

After winning the public tender, Boris 45 became responsible for managing the hospital catering services. It took over employment of the 17 staff already working in the 'hospital satellite unit' under another employer. Once the contract was publicly announced, workers attended a meeting where they were informed of the new company and the transfer of employees' rights and employers' obligations. Known as 'subrogation', this is an increasingly common phenomenon in Spain.

As established by law, subrogation implies that all workers' terms and conditions of employment such as salaries, length of contracts and working hours must continue as under the previous company.

However, Boris 45 has introduced a small change in working time, with employees working an additional one and a half hours every day, so that they can have two days off per week (instead of only one). It has been possible to introduce this change only because employees approved it. In fact, the vast majority of employees wanted this change, so it was implemented from the very beginning, without discussions or negotiations.

When Boris 45 began work at the new hospital satellite unit, three extra employees were hired, bringing the total number there to 20. They were hired under the same conditions as the other 17, that is, following the collective agreement for catering trade.

The central kitchen under construction at Reus industrial park is expected to create 10–15 new jobs.

Challenges and constraints of restructuring

Generally speaking, the expansion process has been trouble-free. Getting used to the new building and new production processes has required an adaptation period both for employees and managers. Moreover, the company has had to adapt to client requirements. One of the main challenges of opening a new plant or working with new employees is to learn about the new environment and clients. In this particular case, the business specialised in particular products for a new client, and production processes included the latest technologies, which were new to managers and employees.

For this reason, Boris 45 made a great effort to train staff in depth, so that they could learn about the new processes and techniques. First, the person in charge of each unit/department was trained externally in specialised centres, then passing on their new knowledge to other employees at in-company training sessions organised by the Human Resources Department.

According to managers at Boris 45, lifelong learning is essential for a good catering service. Employees receive training on four main topics: hygiene, food handling, gastronomy and safety. Working processes for the original 17 employees in the hospital satellite unit are now very different. The previous company carried out 'hot line' processes, whereas Boris 45 has installed new equipment for 'cold line' processes. Employees were initially doubtful about the implementation of the new processes and afraid that difficulties would arise. Some had worked in the

hospital for nearly 20 years, following more or less the same processes, so learning new methods was a big change.

However, after an adaptation and learning period, employees thought the new processes were faster and easier, and less likely to cause musculoskeletal problems. All employees have liked the company training plan, calling it thorough and wide-ranging.

The new business activity in Sant Joan hospital required a huge investment for the company (both in the 'hospital satellite unit' and the 'central kitchen'). Winning the public tender required the company to comply with conditions established by the public authority, including opening two units equipped with the latest technology.

However, the company says there have been some problems with regard to the public tender, with initial projections varying slightly in comparison to what was finally established. This meant plans for business/growth prospects had to be modified. There were also administrative problems caused by too much red tape, and excessive administrative costs.

Restructuring advice and support

Boris 45 has not received any kind of support, financial or otherwise for restructuring. All investments came from internal resources. In fact, managers complain that the Public Administration has not really supported them; and in fact has demanded a lot of money for taxes and administrative processes.

Outcomes of restructuring

Boris 45 has hired 17 employees who were already working at the hospital (subrogation), plus three new employees. This means an increment of 20 employees in the total staff of Boris 45.

The future perspective seems quite gloomy. When Boris 45 won the hospital contract in August 2010, prospects were much more optimistic. However, one year later, the Regional Government of Catalonia started to cut the public health budget because of the economic crisis. Therefore, the company's initial investments might now appear high in relation to future prospects. Cost reductions in Sant Joan hospital directly affect Boris 45 (for example, there will be fewer sick people admitted to the hospital and they will stay in hospital for a shorter period). For this reason, managers are considering dismissing one or two employees.

On the other hand, Boris 45 is currently building a new central kitchen as part of the contract. In order to make this production plant viable, Boris 45 will have to win new clients, a key business objective. If they do not, the huge investment in the new building will not be recovered.

Commentary

Boris 45 managers consider that current growth prospects are not as optimistic as they were when they won the contract, especially due to public health budget cuts. Initial investments in technical equipment were relatively cautious in case things turned out to be worse than expected.

However managers feel they risked more on personnel and hired more employees than needed. They regret not acting more cautiously on this issue as well.

On the other hand, the interviewees think that Boris 45, as an SME, has more flexibility than larger companies. This characteristic allows them to adapt to new situations and take decisions much more quickly. They also consider that they have closer personal relations with other business providers, than large companies. This means that relations are stronger and more stable. Interestingly, these advantages are in line with small and large enterprise differences reported in the Spanish National Report.

Authors

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Information sources

Interviews

Manager of the new plant

Kitchen Manager (workers' representative)

Company website

<http://www.boris45.com>

Online newspapers

http://www.reusdigital.cat/index.php?command=show_news&news_id=17166

<http://www.hosteleriahospitalaria.org/content/boris-45-producir%C3%A1-en-reus-los-alimentos-de-quinta-gama>

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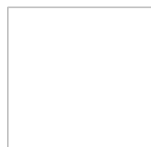
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