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## Camilleri Group of Companies, Malta

- Type of restructuring:  
Business expansion
- Employees before restructuring:  
50-249
- Employees after restructuring:  
50-249
- Nace/Sector:  
Retail
- Country:  
Malta
- Date:  
10/04/2012
- Keywords:  
Recession/Crisis

## Abstract

Business expansion has always been a key strategy for Maltese import/export and retail family firm Camilleri. Each restructuring in this process is a lengthy process, requiring detailed planning, involving a formal business plan that sets out objectives and actions needed to reach them, as well as a financial assessment of the project. A project schedule is constantly monitored to ensure progress. All members of staff are informed of any restructuring activities that may affect them, a vital factor in ensuring the smooth running of the project. The group continues to experience growth in both turnover and employment.

## Organisational profile

The Camilleri Group of Companies operates in the import/export and retail of clothing and household goods; the import/retail and wholesale of confectionary products; and outside catering including fresh products for its confectionery retail outlets.

Calcedonio Camilleri started the family business as C. Camilleri & Sons in 1843 when he opened a small confectionary shop in the heart of Valletta. It did not take long before the shop started to attract customers from all corners of the island, whose visit to the capital city would include a stop at the popular sweet shop in Merchants Street. Consequently, the Camilleris have been nicknamed 'Camilleri tal-Helel' (Camilleri the sweet people).

Since then, the company has been passed on to four successive generations of the Camilleri family. In 1980, the business was acquired by the current owners: Charles, Anthony, Joseph and André Camilleri. Charles acts as managing director of the company. Anthony, Joseph and André are also directors in the company and participate actively in the management of Camilleri Group. In 1981, C. Camilleri & Sons became a Limited Liability Company.

For many years, the Camilleri family was associated exclusively in Malta with the confectionary trade. Over the years however, the family-owned business diversified into outside catering, clothing, home furnishings and the mother-to-be and baby products sector. Together with its renowned confectionary outlet, this business has grown to the extent that it has become known as Camilleri Group of Companies which today owns the BHS, Mothercare and Golden Point franchises. It is also the pioneer for the popular Pick 'n' Mix sweets outlets and ice-cream parlours.

In 2003, the company acquired the management of a reception venue. The following year, the catering division set up in 1983 was incorporated into the business as C. Camilleri & Sons (Catering) Ltd. The catering division caters for all types of functions, receptions and parties at both the private and corporate level, and supplies its products to the company's confectionery retail outlets.

Up to 2002, the educational background of family members within the business was very traditional and business was conducted mainly through the valued experience passed on from generation to generation.

The new fifth generation of family members have now started to integrate themselves into the Group. The younger generation all hold university degrees in business management.

The Camilleri Group of Companies benefits from a long-standing history in the local market with a track record of achievement which has received considerable acclaim both in Malta and overseas.

The Group comprises:

- C. Camilleri & Sons Ltd.
- C. Camilleri & Sons (Catering) Ltd.
- Camilleri Establishments Ltd.
- Camilleri Trading Ltd.
- Camilleri Trends Ltd.
- Camilleri Holdings Ltd.
- House of Fashion Ltd.
- Camilleri Import & Export Ltd.
- World Vision Travelling Ltd. (50%)
- Treat & Taste Ltd. (50%)
- Re-Store Ltd (50%).

All companies are 100% family-owned except where indicated.

In 1988, Camilleri Establishments Ltd. was formed to act as a franchise for BHS. Another company bearing the name Camilleri Trading Ltd. was formed in 1997, to act as a franchise for Mothercare. The year 2000 saw the inception of Camilleri Holdings Ltd. which mainly acts as the holding company for all operations. In 2004, the company centralised all its operations in Tal-Handaq, Qormi. The catering division, which was set up in 1983, was separated from C. Camilleri & Sons Ltd. in 2004 and renamed as C. Camilleri & Sons (Catering) Ltd. House of Fashion Ltd. was formed in 2009 to deal with the BHS franchise in Libya.

In 2009, Camilleri Trends Ltd. was formed to act as franchisee for GoldenPoint. Camilleri Import & Export Ltd. was set up to take the responsibility for Prémaman in Libya. World Vision Travel Ltd., Treat & Taste Ltd. and Re-Store Ltd. are all companies formed with third parties as joint ventures and Camilleri Group holds a 50% share in each.

A total of 16 retail outlets were opened between 1988 and 2012 (12 in Malta and four in Libya); together with the flagship confectionary outlet, which is still in operation till today.

The company has one director responsible for a particular brand and a brand manager and a deputy brand manager who is responsible for the running of the brand. Each shop has its own supervisors and shop assistants. Within this organisational set-up, everyone has his/her share of responsibility in the running of a particular brand.

An equal proportion of the group's sales output is generated between local and foreign customers. The company has a workforce of 115 full-time employees, of which 45 are male and 70 are female.

The company has recently appointed a consultant to prepare a risk management report for the whole group. The objective of the report, which is tailored to meet EU policy standards, is to map out risks and uncertainties within the business environment and analyse how such factors could influence business performance. By identifying and proactively addressing risks and opportunities, the company will be better able to address its policies and strategies in favour of the employee by strengthening positive influences on the workforce.

The human resource policies adopted by the company ensure that employees are well respected and motivated. Together with its young employees, the management boasts of having people who have been working with the company for almost 30 years, a reality which is considered to be a reflection of the good working practices adopted by the company.

## **Background to restructuring events**

The Camilleris have been exposed to the business world since their early childhood and thus believe themselves to have an almost inherent

predisposition for trading.

Camilleri Group considers business expansion to be the best way forward for any business that is performing well and delivering sound results. In fact, business expansion has always featured as an integral process in the management of the group and came about initially from the desire to increase the company's market share locally. Business expansion has also allowed the company to remain sustainable within a highly competitive market, securing employment for a growing number of employees which also includes family members who are now gradually taking over the management of the business.

This said, the decision to extend its operations beyond the catering sector dates back to 1988, when a business opportunity presented itself to open the first BHS store in Valletta. Another two stores were later opened in Sliema (1993) and Birkirkara (2004). In 1997, having successfully managed the BHS franchise for almost a decade, Camilleri Group was appointed franchisee of Mothercare in Malta, with brands specialising in mothers-to-be and children's products. Four outlets have been opened since – Valletta (1997), Sliema (2003), Birkirkara (2008) and recently Victoria Gozo (2011).

As part of its most recent restructuring activities which is the focus of this study, Camilleri Group has continued to expand its business both locally and abroad. In 2009, Camilleri Group opened its first BHS store in Libya. It also inaugurated the first Golden Point store in the town of Sliema, with the latter specialising in hosiery, lingerie, beachwear and underwear brands. The idea to launch Golden Point in Malta was one based on the experience already gained through the operation of its BHS lingerie and sleepwear departments.

In 2010, the group opened its second outlet in Tripoli, Libya for BHS. In 2011, another two sweet shops were opened in Birkirkara and Rabat, Malta. In the same year, the second Golden Point was opened in Valletta and Mothercare was launched in Gozo.

Apart from the opening of its new stores, in 2008, Camilleri Group also carried out a complete refurbishment of its flagship sweet shop situated in Valletta; and in 2011, the company undertook the refurbishment of its BHS store in Sliema.

## **Restructuring processes**

Business expansion has always occupied a strategic function within Camilleri Group's development strategy. Over the years, the company's reputation with the confectionary trade has evolved and extended to other areas such as the outside catering service, clothing, home furnishings and mother-to-be and baby products.

Forecasting and planning for growth can be a challenge. The study that goes behind each and every project is a lengthy process which requires thoughtful and meticulous planning. Generally, the idea to tap into new business opportunities stems from management's own extensive experience in the field of importation, retailing and catering business, together with its understanding of the local market. The company aims to maintain continuous strategic investment in activities that will help it become more competitive.

Management considers the planning stage to be the most crucial phase within any project. As a first step, management would undertake an initial assessment of the potential of its anticipated investment within the context of the economic environment at the time and the consumers' response to that activity. If the results are favourable, it would then proceed with carrying out the necessary consultations with key individuals from within the company who would need to be involved in the realisation of the project.

Once the vision is set, management proceeds with setting out a formal business plan that clearly maps out the objectives to be pursued, and the actions needed to be taken in order to reach those objectives. The business plan would also include an assessment of the financial sustainability and profitability of the project.

A decision is also taken with regard to the financing of the project. If company funds are insufficient then negotiations commence with the company's bankers in order to secure a bank loan. Once negotiations are concluded and all legal requirements are satisfied (contracts/agreements), management proceeds with preparing a Gantt chart to map out the project schedule and work structure of the project. Project monitoring is consistent throughout the project to ensure both timing and quality.

Although timeframes are key to project management, the so-called bargaining stages of the process are generally followed by a period of reflection and careful projection which does not necessarily take place within strict timeframes. Such projections would also involve the preparation of a feasibility study, together with discussions and consultations concerning management.

The planning stage also provides a means to involve other personnel from within the company in the management of the project. Management emphasises the importance of ensuring that all members of staff are well informed and prepared in advance of any restructuring activities which may require either their direct support or which can influence their work indirectly. Involvement in planning also fosters a greater personal commitment to the plan and to the company. These positive attitudes are found to improve the overall organisational morale and enthusiasm within the company.

Due to unforeseen events which may crop up during the restructuring process – such as changing market conditions – the company is sometimes confronted with the need to revise its plans as it goes along. Nevertheless, there have been instances where the company would decide to push forward with its plans, despite unfavourable conditions. For example, when the refurbishment of one of its leading brand stores was being carried out, management took into consideration the enduring credit crunch which had impacted largely on the economy at the time. It decided however to take advantage of this somewhat destructive reality and push forward with its works as planned, thereby obtaining a competitive advantage once the critical period was over.

Partners and suppliers are informed of the company's expansion plans on a need-to-know basis only. Where this is not the case, disclosure of business expansion plans are usually limited to the board of directors, management and consultants (when involved), together with the company's bankers.

## **Challenges and constraints of restructuring**

Management did not encounter any major challenges or constraints which could have disrupted the restructuring process. The smooth manner in which restructuring is carried out is mainly attributed to the time invested in the planning and consultation stage which would ensure that all key players – both internal and external (including consultants, when involved) – are on board and committed to the successful delivery of the established targets once the implementation phase kicks in.

Business expansion does, however, bring about a considerable increase in workload. The pressures that come with this are mainly taken on by the directors and managerial staff. In order to mitigate this situation, store managers are instructed to delegate parts of their work to other members of staff – resulting in a sharing of work responsibility – or to look into the recruitment of additional support. If the former approach is considered the preferred option, work is delegated to individuals that display the necessary abilities and skills to perform any new tasks effectively. This uptake of responsibility will effectively lead to a better remuneration package for the employee.

Management emphasises the importance of ensuring that in-house operations are functioning smoothly prior to being able to assess the external impact of any project.

## **Restructuring advice and support**

Business expansion requires thoughtful planning and research which would help determine market conditions and gauge consumer market response prior to moving forward with restructuring.

All decisions concerning business expansion are taken by the board of directors, following consultation with the respective brand managers. Management believes, however, that given the investment which goes into such projects, it is advisable that external support be sought by economic and legal consultants who would be able to assess the financial and economic implications of the project and gauge the risks/benefits of the new venture.

## **Outcomes of restructuring**

Camilleri Group has always dealt with business expansion as a normal process within the evolution of the business. The management team at Camilleri Group looks positively on the outcome of the restructuring carried out to date and envisages business expansion as an integral part of its future business plans.

The group has reportedly continued to register positive growth in turnover, which is the result of the continued investment injected into the company and into business expansion.

Management claims that it has always sought ways in which to shelter its workforce from any adverse effects which may arise from restructuring. Having said this, business expansion has reportedly resulted in employment growth for the company. Since 2008, Camilleri Group has inaugurated over eight new shops both locally and abroad. Prior to the business expansion after 2008, the total number of full-time employees within the Group stood at 95. Today, the company has a total of 115 full-time workers.

As mentioned earlier in the report, business expansion generally brings about an increase in workload which is duly alleviated through the distribution of work amongst employees and where necessary, the recruitment of additional staff. Both management and employees feel that restructuring activities instil a sense of motivation on the job and bring about an opportunity for the owners / management and staff to work together towards reaching the desired company goals.

## **Commentary**

The management at Camilleri Group feels that SMEs in Malta tend to garner less support than larger companies given that the latter represent a larger workforce. At the same time, the SME sector is also seen to be disadvantaged when it comes to EU funding opportunities which are largely targeted towards assisting micro enterprises employing less than ten employees.

Moreover, management claims that companies operating in the retail sector are also disadvantaged when compared with the manufacturing industry, which qualify for greater assistance when compared to retail operators.

When it comes to financing, management claims that access to bank loans is less daunting for large companies given their financial projections.

SMEs are allegedly faced with more bureaucratic and stringent procedures by bankers in comparison to large companies, which is allegedly due to the misconception that SMEs may not hold enough security for their loans.

Management believes that in order to alleviate these disadvantages, SMEs operating in the retail industry should benefit, at the least, from tax-rebates on investments and employment, while efforts should be made to reduce bureaucracy and related excess costs.

The success of Camilleri Group is largely attributed to its ability to anticipate and adapt to change, which is considered crucial if one intends to stay ahead in the business. Although it is considered important to invest in the planning of any restructuring project, management insists that once a decision is taken there should be no looking back and every effort should be made to implement those plans into a successful outcome for the company.

Another crucial element within the restructuring process is that of keeping employees well informed of any development plans. Maintaining good communication channels with employees is a vital factor which helps to ensure the smooth implementation of a project. Employees may express different reactions to the restructuring project, depending on their different character types, however, management stresses that, in the end, reason prevails and employees are able to see that such decisions are taken in the interest of all parties.

## Author

Claudine Borg, Europa Research and Consultancy Services Ltd., Malta

## Information sources

### Interviews

Charles Camilleri, Managing Director

Administration and Finance Officer

### Company address

Camilleri Holdings Ltd.

13-20 Manoel Borg Gauci Street,

Qormi,

Malta

### Company website

[www.camillerigroup.com](http://www.camillerigroup.com)

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