

- [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](#)
- [Intercomplex, Bulgaria](#)

## Intercomplex, Bulgaria

- Type of restructuring:  
Internal restructuring
- Employees before restructuring:  
50-249
- Employees after restructuring:  
50-249
- Nace/Sector:  
Manufacturing
- Country:  
Bulgaria
- Date:  
10/04/2012
- Keywords:  
Recession/Crisis

## Abstract

Declining sales and profits were behind the decision to restructure in Bulgarian company Intercomplex, which provides equipment and services in the electrical sector. Major cuts were made to internal investments, and the production and trade divisions were restructured. Markets for the company's products and services were expanded, and its products were adjusted according to the needs of new customers. Good organisation on the part of management and close involvement of the employees led to a smooth restructuring process. No staff were laid off and payments and benefits were preserved. The restructuring resulted in the planned outcomes, but at the expense of company profit.

## Organisational profile

Intercomplex Ltd. was established in 1990 as a private company. Since then, the company has been successfully developing its activities in the electrical sector. It now has a network of three regional offices, serving a wide range of customers and partners: energy distribution companies, investors, enterprises, wholesale and retail dealers.

Intercomplex has been a limited company since 1996. The management structure includes three directions: production, trade and finance. The manager is a graduate from a vocational school for electricians. He is also a founder of the firm and one of the four co-owners. The other co-owners are not involved in the management of the company, but take part in the decision-making. The current manager-co-owner started his private business in 1980 as one of the first private firms in the city of Plovdiv, and this firm was later transformed into the current Intercomplex Ltd.

The main aim of Intercomplex Ltd is to deliver continuously high quality products and services. The company offers the complete range of middle and low voltage electrical equipment and appliances, and complete engineering solutions in middle and low voltage electrical 'turnkey' projects in conformity with the applicable international and national standards, technical and other normative requirements.

The bulk of the sales are to national customers and around 10% of the sales are exports, mainly to the Former Yugoslav Republic of Macedonia.

The main partners have been companies from the production, energy and communication sector, investors, small and medium-sized enterprises and trade companies.

The company has a modern warehouse, which enables it to respond dynamically to the requirements of the customers and the market. This has considerably improved the organisation of the firm and the quality of services to its clients. The image of the firm as a reliable partner has also improved.

The company has its own production and warehouse bases in Plovdiv, Sofia, Pazardzhik and Septemvri, as well as the necessary transport infrastructure to deliver to all destinations required by the customers.

Intercomplex Ltd has an established and functioning Integrated Management System according to the requirements of the following standards: EN ISO 9001:2000 /14.11.2006, OHSAS 18001:2007 /20.06.2008, EN ISO 14001:2004 /20.06.2008. The firm also has a certificate from the Bulgarian Chamber of Commerce and Industry for 'best place to work'.

On 20 May 2011, Intercomplex introduced a Management Declaration covering business development, human resources and social responsibility. Since then the management and the staff have worked according to the conditions of this declaration. The motivation behind this was the desire of both the management and employees to develop the organisational basis of their working order to improve the quality of their services and to deliver better quality services to their clients.

The team consists of an ambitious and highly qualified personnel of 110, who provide adequate complete solutions and product information for delivery of electrical equipment, specialised servicing and competent consultation. The average age of the employees is 40 and around 70% of them are men: ten are electrical engineers and the rest are graduates from vocational schools for electricians or mechanics.

A works council is present at the firm, which has an active relationship with management. This helped enormously with the whole process of the restructuring of the firm. According to the manager, better informed and motivated workers are an important condition for successful restructuring of the firm.

## **Background to restructuring event**

Between 2006 and 2008, the company enjoyed an annual increase of about 70% in profit and sales. This figure fell to about 30% in 2009–10. In 2011, profit and sales declined by around 10%. Restructuring was undertaken to counteract this decline in sales and profit, caused by the economic and financial crisis.

## **Restructuring processes**

The company embarked on an internal restructuring, geared towards reducing internal investments, in an effort to keep afloat during the crisis period. This applied to the production of new products, restructuring of production and trade, expanding of markets – mainly in Balkan countries, and negotiations with partners. Cuts were made to internal investments in every possible way, even for small expenses. Contacts with new trade partners (first and foremost in the Balkan countries) led to changes in the electric equipment produced by the company. Expanding of the markets was done on the basis of new planning of all current and perspective contacts. The employees in the trade department reconsidered their way and style of negotiations with foreign partners – customers and suppliers. All of that was carried out by the management of the firm as well the heads of all departments.

The process started in 2008 and formally ended at the end of 2009, but in fact is still ongoing. The main reason for the restructuring event was the need to increase competitiveness in a period of economic and financial crisis. Investment had to be decreased because the likelihood of gaining access to capital was very low.

The restructuring event was planned in advance, because the prognosis in 2007–2008 was that the company had to restructure in order to survive. The decision was taken by the owners of the company. A number of options were considered, but they all agreed that restructuring of investments was the most important and urgent for the firm. The management had a very clear idea, but not a written restructuring plan. Naturally, a number of adjustments were made during the implementation of the restructuring process.

The financial re-engineering of the company included a decrease of the volume of their credit lines by 20% without paying back open credits, but through using following instruments: negotiations of their credits with the bank for increasing the grace period of the credits and even switching to another bank, which agreed to refinance some of the credits of the firm. The company managed to do this because it had been a regular and trusted client of the banks in the City of Plovdiv for the last 20 years.

The production component of the restructuring included: diversification of the electrical equipment produced, more intense negotiations with foreign partners, expansion of business relations with partners in neighbouring countries. All these activities were developed in a period of one to two years as a step-by-step process.

The management informed and involved the employees during the different stages of the restructuring and considered that this was one of the main

reasons for the success of the restructuring process. The good organisation on the part of management and close involvement with the employees led to a smooth restructuring process.

This opinion on the part of management was confirmed in an interview with an employee in the trade department, who expressed also the opinion that the employees had benefited from the way the restructuring was implemented and its results: no one was laid off and payments and benefits were preserved. Both management and employees agreed that the flexibility of small firms is the reason for better planning and implementation of restructuring in comparison with large firms.

## Challenges and constraints of restructuring

Difficulties and problems experienced during planning and implementation of the restructuring process included:

- Lack of cash in-flow.
- Delays in deliveries of equipment from European firms, resulting in working conditions where the company could not fulfill its obligations to third parties.
- Delays in payments from customers. This is among the most serious constraints faced by Bulgarian businesses (SMEs in particular). According to the biggest Bulgarian business association (Bulgarian Industrial Association), inter-company indebtedness is actually the biggest problem for the Bulgarian economy. Estimates are that it amounts to BGN 100 billion (€50 billion). Many Bulgarian firms are simply not paying for goods or services they order.

All of these factors affected the work of the company very badly because they prevented it from managing its financial operations properly.

## Restructuring advice and support

The whole process of restructuring took place without any support from public bodies. The company needed financial support for some construction activities but it was not delivered by the banks. In reality some indirect support was delivered by their Polish partners, who, after long negotiations, rescheduled the payments from Intercomplex Ltd. for some of the supplies. Thus, they decreased the financial pressure on Intercomplex Ltd.

## Outcomes of restructuring

The restructuring took place according to the adjusted plans of the company. The restructuring resulted in the planned outcomes for the company, but it happened at the expense of company profit. In general, the employment effect was positive, although at certain periods some of the workers were on paid leave (this is a regime allowed by the labour legislation in Bulgaria and is commonly used during crisis periods). The management also put the emphasis on hiring young people. The management considers as a success the fact that they have kept their qualified personnel, a very difficult task nowadays in the Bulgarian economy. The business performance of the company was kept at an acceptable level, too.

Future plans of Intercomplex Ltd. include investment of around €1 million for a second production base in the town of Septemvri, thus creating 50 new jobs. The development of these plans depends very much on the overall economic development of Bulgaria, the situation in this sector and the financial situation of the firm. The future plans also include better cooperation with their German partners.

The economic situation of the company improved more quickly than expected. In general, the restructuring process was not easy.

## Commentary

Some of the lessons learnt were that:

- the banks should increase access to credits for firms during crisis;
- less availability of investments leads to losses in firms in a period of crisis;
- economic and financial crisis showed the necessity of being realistic;
- it is better to stay relatively small – this allows for easy restructuring, organisation and management of the firm.

Important success factors were:

- restructuring of the financial funds has to be constantly under consideration during the restructuring process;
- the process of negotiations with banks has positive learning effects and hopefully will help the management with their relations with banks and other investors in the near future. Some of the lessons include: better understanding how to negotiate with banks; improved knowledge about internationalisation and interconnection between different firms; best practice of how to develop business; organisational behaviour of the firm during crisis period, not only within the branch or the region, but throughout the country and EU.;

- during the long period of crisis, management always has to be ready to react to the current and future situations;
- it is very important to convene strategic suppliers to agree to delay the date of the payment;
- open communication with the banks, suppliers and employees is required for smooth restructuring of the company;

The crisis situation has to be seen as a chance to improve all aspects of business performance of the company.

## Authors

Elena Krastanova and Vladimir Pavlov, Foundation for Entrepreneurship Development

## Information sources

### Interviews

Ehizhar Uzunyan, Manager, Intercomplex

Anonymous employee, Intercomplex

### Company address

Intercomplex Ltd

Bulgaria,

Plovdiv 4015

201 Peshersko Shosse Blv

### Company website

[www.intercomplex.bg](http://www.intercomplex.bg)

- [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](mailto:information@eurofound.europa.eu)

Press: [media@eurofound.europa.eu](mailto: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](#)