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Gruppo Maio, Italy

- Type of restructuring:
Business expansion
- Employees before restructuring:
50-249
- Employees after restructuring:
50-249
- Nace/Sector:
Utilities
- Country:
Italy
- Date:
02/02/2012

Abstract

Italian waste management business Gruppo Maio has undergone substantial expansion since 2006. This was in part prompted by the entry into managerial positions of two grandchildren of the founder, which resulted in the establishment of new sections and a new wave of recruitment. A legal office and a public relations office were created, activities that were previously outsourced. Other divisions were reorganised. The group also expanded its business activities. To support the restructuring, it invested considerable resources in training and in technological development. The entire business expansion has been financed by the group privately.

Organisational profile

Gruppo Maio has been operating for over 25 years in the field of environmental protection through the integrated management of services of collection, transportation, storage, treatment and disposal of hazardous waste (industrial and medical waste).

The group is composed of two main companies: Maio Guglielmo s.r.l. and Bleu s.r.l. In addition to these, a third, sister company Thu s.r.l. has been recently established to provide administrative services for the two companies of the group.

Maio Guglielmo s.r.l. was established in June 1983 by Guglielmo Maio, father of Francesco Maio, the group's CEO. The company first started its operations in waste management via the recovery of silver from hospitals' x-rays. Subsequently, by late 1980s and mid 1990s the company expanded its business and concentrated on the collection, transportation, storage and disposal of medical waste. The company has two waste storage sites located in Val di Sangro (near the main headquarters) and in Carsoli, in the Lazio region. In Val di Sangro the company also owns an incineration plant, where special waste is thermally destroyed.

In 1989, the owners decided to expand their business establishing a further company, Bleu s.r.l., whose main activity is to collect, transport, store, treat and dispose of non-hazardous industrial waste. Bleu s.r.l. also owns a landfill site in Canosa di Puglia, in the Puglia region of Italy.

Gruppo Maio is now in its third generation. The group was previously family-run; however, in recent years, due to the extensive expansion of its activities, the group shifted towards a more professionally run management and a manager for the group who does not belong to the family has been recruited. However, ownership is entirely in the hands of the founding family and the family is still very involved in management's decisions.

The group now has about 200 employees, however when it started, the group consisted of only three employees: the founder and his two sons. With the expansion of the business towards new activities and with the establishment of Bleu, new divisions were created and employment levels in the group increased extensively, reaching 200 employees at the beginning of 2012. Officially, Bleu s.r.l. has 18 employees and the remaining 180 employees are employed in Thu s.r.l. and MAIO Guglielmo s.r.l. Given the tight knit of relations of the three companies there is a high degree of cross over, and administrative staff of Thu s.r.l. and Maio Guglielmo s.r.l. are also responsible for the administrative activities of the Bleu s.r.l. For this reason, it is quite difficult to provide exact numbers on staff working for each company of the group, as in general, and particularly concerning the administrative side of the business (administration, but also legal division, HR, I & C and so on) most of the employees work for all the companies of the group, rather than for only one specific company.

The majority of the staff are employed as drivers and workers in waste management and waste collection sites. A smaller number of the staff are employed in other divisions: trade and commercial, administration, legal affair division and so on.

The group has a written human resources strategy for both main companies of the group. Human resources management is administered internally by the human resources division.

Within the group there are work councils; however, these have not been involved in the restructuring event as the degree of loyalty and trust between the ownership, the management and the employees has been incredibly high. This resulted in a continuous and fruitful dialogue between the company and its employees, and most of the strategic decisions have been discussed within the company, including employees.

The group is extremely embedded in the local community and most of its employees are from the area. Moreover, in 2008 the owners also bought the local soccer team, increasing their involvement in the community. The owners are originally from the area and they live very close to headquarters of the group.

In recent years, turnover and number of clients increased dramatically and the group has been increasing the scope of its activities. While Maio Guglielmo due to its specific activities has the public sector as its main client, Bleu's clients are all private companies.

In terms of competition, due to the nature of activities, Guglielmo Maio s.r.l. is more exposed to competition. For the activities of Bleu, there is more of a division of the market share with other competitors as the number of landfill sites in the country is rather limited.

Background to restructuring event

Apart from the natural desire to grow and expand its core business, which the Maio Guglielmo's CEO identifies as the natural outcome for an entrepreneur, the restructuring event was facilitated also by the entry into the company of the two recently graduated grandchildren of the founder in managerial positions. The entry of the young resources resulted also in the establishment of new sections and they also lead new wave of recruitment among young people.

According to the Maio Guglielmo's CEO, while expansion of the group was deemed essential and natural, there has not been a written growth strategy or an expansion plan. The group has been actively seeking opportunities on the market and it has assessed each opportunity it was presented with.

Restructuring processes

With the entry of new resources in the group in 2006, the group also expanded and re-organised its internal structure. Around that time the legal office and the Communication and Public Relations Office of the Group was created, activities which were previously outsourced to external consultants. At the same time, other divisions, such as the HR division and the trade and commercial divisions were re-organised and new staff were recruited.

As regards the activity of Bleu, the group decided to expand their business in non-hazardous industrial waste management with the construction of a new landfill site in Canosa di Puglia. The new site will border on the landfill site Blu srl already own in the same location. In January 2012 they were in the process of obtaining the authorisation to expand this landfill, however as it will be discussed later, this authorisation process can take up to five years and for these reasons planning of activities in this sector is very difficult.

Maio Guglielmo has also been increasing its activities extensively. The company is in the process of building three new sterilising plants, in Val di Sangro (near the main headquarters), which should be operative by end of 2012. Furthermore, in 2010 the company had the chance to temporarily take over the activities of another company operating in the same sector which had been declared bankrupt. Since then Maio Guglielmo has been temporarily operating in the site located in Gubbio in the Umbria region, where the main activity is medical waste storage. Following this event, Maio Guglielmo had to present an industrial plan to the Ministry of Environment and Local Authorities, envisaging an expansion of its activities on the Gubbio storage site. The company presented a business plan foreseeing the expansion of its activities via the construction of a new strategic sterilising plant. According to the group the construction of the sterilising plant is deemed essential for maintaining

profitability of the activities in the Gubbio site. It is now one and half years that the company has been waiting for the authorisation.

As a consequence of the extensive expansion, the group has invested considerable resources in training for its staff and in technological development. In turn, these have enhanced and facilitated the considerable growth of the business and notable expansion of its activity. Moreover, with the expansion of the activities, the group has also introduced management processes characterised by more careful prevention and strict control over the business activities that have potential impacts on the environment. This guarantees the total eco-sustainability of the two companies belonging to the Group.

The entire business expansion has been financed by the group privately and the group has not received any public support. Private funding has also been financing technological development and staff training. Moreover, the group is very proud to claim that it has never made use of any social shock absorbers and has never dismissed a single employee.

Challenges and constraints of restructuring

The group argues that the main challenge to restructuring rests with the Italian bureaucracy, and its associated lengthy and duplicating processes and requirements.

Notably, the group has been particularly constrained in the expansion of its business activities due to the lengthy authorisation processes for the construction of new plants or sites, which in this sector can take up to five years. This implies a very limited scope in business expansion planning, as well as an extensive curb to business growth.

Moreover, as Maio Guglielmo's main client is the public sector, the company suffers much from their delays in payments. This is a huge problem for the Italian economy and Confindustria (the main employer organisation in the sector) estimated that the Italian public administration owes Italian enterprises about €70 billion in unpaid debts. Many of these enterprises are SMEs which are extremely affected by the delays in payments, especially in times of economic downturn when securing financing and credit is already difficult. It is indeed the case that many SMEs were declared bankrupt even if they indeed were owed money from the authorities.

Furthermore, the group also stressed a difficulty in finding information on public and European funding, and on what type of support is available for business expansion. This difficulty consists not only in identifying this information, but also in identifying which actors can provide these information and advice.

Restructuring advice and support

The group has not received any type of support during its business expansion and it must be underlined that, as discussed above, the group also encountered difficulties in identifying who could provide this information and support. The group however, has participated in several info days organised by the European Commission in Brussels on the activities of companies operating in the waste management, recycling and green energies sectors. The group argues that these experiences have been very positive and very informative as they even enabled companies with the opportunity to organise bilateral meetings. For these reasons, the group highlights the need for organising and providing these opportunities also at national level.

In its business expansion, the Group has not even been supported or advised by Confindustria, of which it is a member.

However, during its business expansion, the group did extensively use external consultants. In particular, a key element has been represented by the legal division. Given the sensitivity of the sector in which operates, which is highly regulated both at national and European level, the group places a strategic importance on its legal activities. The legal division was created only six years ago, prior to that all legal activities within the group were outsourced. However, even now the company avails of additional legal consultants on an ad-hoc basis.

Outcomes of restructuring

The group is very confident about its future prospects and the business expansion is considered to be very positive.

The group is also very positive in terms of outcomes on employment levels. Indeed if the authorisations for building a second landfill site in Puglia and the sterilising plant in Gubbio are given, new staff will be recruited for these new sites. In general, new recruits are highly qualified technical staff coming from competitor companies. However in the event of takeovers, such as in the case of the Gubbio site, the company usually retains the existing staff. Indeed in Gubbio they retained all staff previously employed in the site. With regards to the three sterilising sites in Val di Sangro, the groups is currently assessing whether it will implement some reorganisation among the existing staff with new training courses to train existing staff for new tasks and responsibilities, or whether new employees will need to be hired for these new sterilising plants.

Furthermore, the group highlighted how the business expansion of the group has resulted in an increase in the productivity of its employees. Indeed there is a positive and peaceful atmosphere in the group (already before the restructuring) and all employees are happy to be part of this innovative group. These positive outcomes are also reassuring for the employees especially in times of economic uncertainty.

The restructuring process has not been formally evaluated, neither internally or externally. However the group agrees this might be necessary in the future. Nonetheless, Gruppo Maio strongly argues that the restructuring process has been highly positive and it is also very positive on the future outlook of the company.

Commentary

In general, the business expansion has been very positive and the group is very satisfied with the outcomes. These positive feelings are also reflected in the dialogue with staff which has always been highly involved in the development of activities within the group.

The group argues that its main success factor rests with a strong belief in the group potential, the willingness to continuously re-invest their private funds in the business as well as social cohesion within the group. This also explicitly includes the employees, which represent an important part of the group.

The main challenge to restructuring encountered is the Italian bureaucracy and its associated lengthy and duplicating processes and requirements. Moreover, prolonged delays in repayments from the public sector, Maio Guglielmo's main client, imposed a large financial burden on the group.

The group also highlights that SMEs are an incredible source of potential for European economies and as such they should be supported more. Due to their limited size, SMEs are characterised by a high flexibility; this enables them to respond to difficult economic contingencies in a timelier manner. In contrast, larger companies – while they might be less likely to be affected – when hit by a crisis, might not be flexible enough to implement those necessary organisational changes in a timely manner. For this reason, SMEs should be more supported, especially in terms of access to financing and capital. SMEs can struggle to obtain the same funding opportunities as their larger counterparts, and this is especially the case in Italy, where private investors and business angels are lacking.

Author

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Information sources

Interviews

Guglielmo Maio, CEO of Maio Guglielmo Srl and Brand Manager of the Maio Group

Camillo D'Alessandro, Head of Communications and Public Relations Maio Group

Company website

<http://www.gruppomaio.com/>

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