

- [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](#)
- [Paltentaler Minerals, Austria](#)

Paltentaler Minerals, Austria

- Type of restructuring:
Business expansion
- Employees before restructuring:
10-49
- Employees after restructuring:
10-49
- Nace/Sector:
Manufacturing
- Country:
Austria
- Date:
03/04/2012

Abstract

When Austrian company Paltentaler Minerals was taken over by new owners, the goods produced at that time were also bought. However, these were not deemed competitive by the new owners, making them opt for an internal restructuring related to investments in research and development and product developments. The resulting innovations necessitated an expansion of production capacity with an additional production plant.

Organisational profile

The company Paltentaler Minerals, located in Styria in south-east Austria, produces finely ground multifunctional minerals for various industrial applications, such as in the plastics industry or for varnishes, paints, plaster or mortar. The company positions itself as a niche player, offering specialised products realising sufficiently high margins. Due to the small size of the enterprise, they do not offer mass products in order to avoid having to compete with large enterprises in the industry.

The company has been in existence for more than 100 years. In 1 July 2007, the company was taken over by the Paltentaler holding. The holding owns 90% of the enterprise and the remaining 10% is owned by the CEO who entered the business with the take-over. The holding consists of several small firms with in total about 200 employees. Each company is fully responsible for itself, all company decisions are independently taken at enterprise level. The involvement in the holding is purely organisational, with a few centralised elements (for example, there is a centralised IT system for all the companies), but there is, also for example, no joint balancing of accounts.

As of spring 2012, Paltentaler Minerals was employing 25 employees, including two apprentices, who are active in research and development, production, quality assurance, sales and technical advice, marketing, customer service, accounting and housekeeping. Consequently, there is a broad variety of competences and skills, but each task is filled by one person only, in line with the small size of the company. However, all members of staff are sufficiently qualified and flexible to fulfil other tasks temporarily (for example, as holiday replacements). The company has a works council which was also involved in the restructuring.

Paltentaler Minerals has several certifications (for example, quality management ISO 9001 and 14001, safety and health management system according to OHSAS 18001) and is keen to put these into practice in the company. Accordingly, a group of management and staff ('team Paltentaler Minerals') is continuously working on the optimisation of the company approach towards quality, safety and ecology.

In order to satisfy these self-imposed requirements, expansions and improvements regarding the processes and products have been established since the take-over. In 2007, the sales, production and research and development activities were increased, and in 2008 a new research and development laboratory was finished. In the field of research and development the firm cooperates with renowned research centres, as well as with its customers, to identify current trends and developments on the market and to tailor products to these.

New mineral-based product lines were introduced in 2008 ('indolo') and 2010 ('inzeo', 'intalc'). In 2010, the company also acquired shares of a Slovak mining company with about 15 staff. In 2011, a new mill building, an additional storage building and a drying plant were finished and a second grinding line put into operation. This expansion is described in this case study.

Background to restructuring event

When the company was taken over in 2007, the goods produced at that time were bought in. However, these were no longer competitive on the market, which was one of the reasons the original owner decided to sell the company.

In the early years after the take-over, the new management invested a lot in research and development, to develop new products. These were presented on the market in 2010. At the same time two patents for new products and processes were registered. Consequently, it became obvious that for the optimal use of the newly developed processes and for the production of the innovations expansion of the production capacity was necessary.

Restructuring processes

The planning of the expansion through the additional, innovative production plant started in 2010 and was conducted solely within the enterprise, as part of the continuous expansion followed since the take-over, along with the wish to optimise products and processes.

The development of the new products and processes was mainly done by company staff. However, the firm also cooperated with Austrian and German universities. Some projects were also developed with business partners/clients to make sure that their demands were fully met.

The development process is described as 'intensive' by the management. The small enterprise uses about 20% of the sales income for research and development, which is a very high share. The restructuring resulted in a considerable increase in working time, particularly for the management.

Some official authorisations were required for the structural changes. These were obtained simply and quickly, and the management describes this process as smooth.

As the changes and expansion concerned all employees, the management considered communication with employees as one of the most important elements of the restructuring. The staff was informed from the very beginning, through staff assemblies and individual talks, depending on the particular need. The employees were strongly involved in the process, not only concerning product and process development, but also, for example, with regard to the construction supervision. Consequently, their tasks were temporarily widened. As the company is growing strongly, it can be assumed that this will also be the case in the future.

During restructuring the company also invested in the education and training of its employees. This had both, an operative (for example, induction to the new production plant) and a strategic (for example, background knowledge for future product development) orientation. Both internal seminars as well as external courses were offered. These were financed by the employer as the time required for applying for public financial support was deemed to be too great, when set against the training expenses.

The expansion and the higher level of flexibility thus expected from the employees was no problem for the majority of employees, and the atmosphere in the company did not deteriorate.

The new production plant with its new procedures came into operation in 2011. There had been a strict timetable for the project, but this changed when a new product was developed for which there immediately was high demand, and the production plant under construction was enlarged. Consequently, the expansion took a bit longer and was more expensive (€2.8 million rather than €2.1 million) than initially planned. After the finalisation the company also invested in infrastructure (for example, asphalt coating, lawns), resulting in an overall total investment of €3 million. The adaptation was carried out in a flexible way because management felt it was necessary to adjust to market development.

The initial plans for expansion were partly financed by company profits and partly through banks. Furthermore, because of the innovative character of the new production plant the company received public support. The external finance amounted to about 60% of the overall investment. The company did not receive any additional support for the additional expansion; this was completely financed by the firm itself.

The holding company was in no way involved in the restructuring process, neither were the other linked companies. The reason for this lies in the independence of the individual enterprises. All of them have different products and follow strategies independent of the other firms. Accordingly, there is no possibility of, for example, taking advantage of know-how in other firms as these are active in completely different areas.

Challenges and constraints of restructuring

Due to the considerable changes the expansion/innovation brought about for nearly all jobs, there was a certain resistance on the part of some employees. In particular, the fact that the management expected a high level of independence and flexibility from the employees because of the small company size was not accepted by some staff, who decided to leave the company.

The recruitment of the additional staff required because of the expansion was a challenge as it is difficult to make a decision suitable for both sides solely on the basis of written documents (CV) and one or few job interviews. Due to the small scale of the company and the high workload for the single manager it is important for him to find staff who work independently and on whom he can fully rely. In practice, it turned out that only an employee's actual work shows whether they are suitable for the company and whether the working conditions in the firm are in line with the worker's expectations.

The lack of skilled workers is a problem, particularly for further expansion. For this reason the company has now decided to engage in apprenticeship training. However, the company is not satisfied with the qualifications of the youngsters they take on, and has introduced 'personal coaching' next to the normal apprenticeship training, fostering the general education (for example, mathematics, languages) of the apprentices through colleagues.

Another challenge has been the time required for the application for public financial support

Restructuring advice and support

Due to the innovative character of the planned production plant, the company received public financial support. This was a combination of regional (Styrian economic promotion) and national funds, cofinanced by EU funds. The management actively searched for such support, identified what they wanted and then approached the relevant authority. The preparation of the application was time-consuming and required a lot of work. The support granted was not available for the investment from the beginning as the first financial statement could be handed in only after half of the project had been completed. Consequently, the company had to organise an interim investment. This was, however, no problem as the management knew about this from the beginning and could arrange for it accordingly.

The joint product and process development with Austrian and German universities was partly based on contacts that had already been established. However, the company also looked for new partners with specific skills. After these potential partners were identified, the company approached them; agreements were drawn up over the division of work and project design, and the projects were jointly realised.

Except from the technical experts, no advisors were involved in the restructuring process. All administrative aspects (including tax-related ones) are dealt with by the manager. As there was nothing unusual about the restructuring process, he did not see any demand for additional support.

Outcomes of restructuring

The company has expanded because it now has a new production plant as well as its original one. The new technology, in operation since June 2011, has meant even more innovative products can be produced and it is easier to meet the demands of individual customers.

The management estimates that, without the expansion, there would have been a reduction in production in 2011, while now production has actually increased.

The expansion resulted in a considerable change of nearly all jobs in the company (from technology to administration). For this reason the management felt the early involvement of all staff was very important. Nevertheless, some employees were not willing to adjust to the new way of working and left the company (four quit, one retired). The employer did not dismiss any staff.

Due to the expansion 10 to 12 additional employees (net) were hired in research and development, production, systems engineering and programming. This means staff numbers have almost doubled since the takeover in 2007, when the company had 12 or 13 workers.

Additional investment is planned, and further growth is expected.

Commentary

The management considers the restructuring not only as a means of expanding its product portfolio, but also as a way of acquiring strategic development for the future and helping it to act flexibly on the market. It also expects flexibility from its employees, who if needed, must be able to fulfil tasks other than those required in their actual job. In exchange, they earn wages much higher than the industry average (this was the case even before the restructuring). Furthermore, an informal, personal work atmosphere, as well as proactive and continuous employee information, is seen

as important success factor. The employees are seen as the most important capital of the company.

The chosen development pathway has already proven successful and is followed further. Additional investment in product development and structural measures is planned.

The management mentions the 'intuition to do the right thing at the right time' as an important success factor for the restructuring. Next to a strategic approach – for example, market monitoring and proactive orientation to customers' needs – a successful company also has to have the support of the management and staff, and 'a bit of luck'.

The company's close customer contacts and joint product development with them, was advantageous. Management felt the success of the restructuring was also due to the availability of good, timely advice from several sources. Here, not only the personal contacts of the management, but also those of the employees were invaluable.

Management would like to see an improvement in the way public financial support is handled. The administration of loans and the bureaucracy involved can be very laborious, particularly for small companies. The manager also pinpoints a certain lack of individual, company specific orientation of private business consultants towards their individual clients, resulting in a price-value-ratio that was not satisfactory.

Compared to large enterprises the management sees the advantage of small firms in the opportunity to specialise in niche markets and to make decisions quicker. A disadvantage is the limited political influence.

Author

Irene Mandl, Eurofound

Information sources

Interview

Bernhard Gutternigg, CEO and co-owner, Paltentaler Minerals

Company address

Paltentaler Minerals GmbH & Co KG

Moos 278903 Lassing

Company website

<http://www.paltentaler-minerals.at/>

- [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

Press: 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](#)