



SEARCH FOR A BUYER

Search for a buyer to permit a successful industrial reorganisation

This international pharmaceuticals group with headquarters in France decided to streamline its European production operations. It had an underused industrial plant in Switzerland. BPI mobilised its teams to find a buyer in order to avoid closing the plant.

► Context

DOING MORE THAN THE LEGAL MINIMUM

This plant with 80 employees was purchased three years ago. Because it was operating below capacity, its production costs were the highest of all the facilities owned by the group.

Despite social legislation that is flexible and not very restrictive, the group management decided to look for a buyer :

- To preserve the group's image both internally and externally
- To avoid closing the plant, which would imply costly conversion
- To maintain a level of business likely to interest a buyer without significant losses while awaiting the necessary authorisations for a change of activity.
- The company asked BPI, which has experience in finding buyers and a good knowledge of the practices and requirements in Switzerland.

► Task

MULTIDISCIPLINARY EXPERTS

A BPI team, made up of both Swiss and French consultants from various areas of expertise, was set up. The first steering committee meeting between the group's management and the BPI team confirmed the overall 3-phase approach to the project :

- Engineering and preparation (overall timetable / scope of the sale / pre-selection of potential buyers / offering memorandum / communications).
- Implementation of the production plant takeover process (confidentiality agreement, international prospecting, site tours with prospects, project qualifications, negotiations, contractualisation).
- Takeover (transfer of employees to the new employer), support on labour-related issues, (particularly in case of a partial takeover), and discussions with local authorities (presentation of the project, requests for subsidies).

TRUST AND TRANSPARENCY

The initial phases revealed a lack of «common ground» between headquarters and the subsidiary. To prevent the risk of the project failing, BPI intervened with three objectives :

- Restoring trust as quickly as possible between the Swiss management and headquarters,
- Restoring the credibility of the process for the Swiss management before communicating with the employees,
- Finding a satisfactory takeover solution in terms of employees' prospects.

While the French team worked on the preparations for the sale, the Swiss team focused on coaching the Swiss management team.

On recommendations from BPI, the steering committee, which had opted for a **transparent approach to the employees**, held regular information meetings in order to make progress reports and respond to **questions and concerns**.

GOING TO ANY LENGTHS WITH NEGOTIATIONS

Three months after the search was launched, there were thirty international companies interested in the transaction. Interest very quickly narrowed down to one Swiss company with a plan that would permit the rehiring of all employees.

From the outset, the negotiations were difficult – to the point where, after several meetings, the talks broke down. But BPI, convinced of the economic viability of the project and the interest for both parties, insisted on starting a new round of talks, to be held in Basel, a neutral territory. These led to an agreement being signed.

► Perspectives

A GROWING FACILITY

The site, previously threatened with closure, was taken over along with all of the employees. The buyer was able to develop new business using the skills that were already in place. The industrial ties with the former owner now only account for 20% of their sales. More employees have been hired.

Focus

Switzerland's unemployment rate is only 4% of the workforce. It only takes one to three months to carry out a mass layoff and severance payments are optional.

When seeking a buyer, there are two possible approaches : a confidential approach or an open approach that includes communications with employees.

Legal issues

In order to successfully carry out a plant takeover with a transfer of employees, administrative authorisations are required, with waiting periods of two to three years. If these authorisations are not obtained, the transfer of industrial activities will not be permitted. Furthermore, there is a stipulation that requires offering the buyer a workload of at least one year, which usually coincides with the waiting periods for the production takeover. This time-lapse gives the buyer a chance to develop his own activities and cover his fixed costs.

Staying bonus adapted to the stakes of the company because there is no unemployment problem and there is a need to keep the employees of the Swiss plant.