



[www.wood2good.eu](http://www.wood2good.eu)

# RESTRUCTURING THE WOOD SECTOR

## Book of recommendations

In partnership with:

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## PROJECT PRESENTATION

### Wood2Good objectives

The Wood2Good project was developed with the main objective to analyse the current situation of the restructuring in the wood sector and establish recommendations addressed to decision makers so as to ensure a responsible change of wood SMEs towards a green economy.

In order to achieve this aim, the project's specific objectives are to:

1. Improve the comprehension of the situation in the wood sector in terms of employment and sustainable practices;
2. Foster the implementation of a real dialogue between the main stakeholders (social partners, public authorities, technological institutes) and exchanging information on the restructuring of the wood sector through case studies and national workshops;
3. Seek for best practices and innovations to be collected all over Europe;
4. Raise awareness on the restructuring issues in the wood sector and its solutions by sharing the conclusion of the activities led in each country through publications (*Book of recommendations* and *InnoBox Book*) and event organisation (European conferences).

### Wood2Good main productions

2 transnational events:

- Launching conference - Brussels, March 2014;
- Final conference - Brussels, December 2014;

1 survey on the perceptions of the wood sector by the stakeholders;

1 report on bibliographical review to better the comprehension of the situation;

4 case studies and workshops in Spain, France, UK, Italy;

1 InnoBox online tool giving access to identified best practices and innovations;

1 InnoBox book presenting a selection of the best practices and innovations;

1 Book of recommendations addressed to decision makers;

1 project website: [www.wood2good.eu](http://www.wood2good.eu)

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Spain (coordinator)



**POUR LA SOLIDARITÉ**

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**FEVAMA**

Spain



**FCBA**

France



**Verona Innovazione**

Italy



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Hungary



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United-Kingdom



## 1. INTRODUCTION

It is generally noticed that, ultimately, companies of the furniture manufacturing - and the wood sector in general - are taking into mind the need of restructure and transforming into environmentally sustainable entities. The following document is a thorough guide of recommendations targeting those companies in order to tackle the challenging process of restructuring. These recommendations are the fruitful result and conclusions of the local workshops organised by the project partners that were based on the experience of some of the best-established companies of the sector.

We aspire to provide a useful guide for these companies by stating the specific and important role of each one of the stakeholders during the restructuring process. For that reason, great prominence should be given to the interests of all stakeholders, particularly the employees, who play a key role in this process in order to have precise and efficient results. Nonetheless, this manual identifies the great benefits for the entire wood sector - on the short term as well as on the long term - obtained on the way towards a greener economy.

Although the Wood2Good consortium has made reasonable efforts to obtain information from a broad spectrum of sources, we cannot guarantee absolute accuracy or completeness of information/data submitted, nor do we accept responsibility for recommendations that may have been omitted due to particular or exceptional conditions and circumstances.

## 2. GENERAL RECOMMENDATIONS

It is common knowledge that by implementing any kind of initiative - no matter its greatness - implies that the company acquires a commitment towards environmental conservation and reduction of resource consumption. This will most probably lead the company into taking new actions concentrated in the objective of environmental improvement.

However, companies, as the main actors of this process, are advised to begin the implementation of the restructuring process as soon as possible but never in a hastily way, as this might lead to unnecessary confusion for the agents. All changes must be implemented steadily and uniformly at the same time, following the company's habitual schedule so that the changes shall be easily accepted by the agents (employers, employees, costumers, etc.).

A specific example of a normal implementation process is given by the Permasa Company (Spain), which has developed its own ecodesign

methodology, based on its already-established skills of knowledge, but also through an investigation and environmental identification of the materials and processes it needs. Permasa undertook this process by redesigning an already-existing product of its own, which had known high sales rate through its long presence on the market.

Companies and the choices they make about the materials they use can have a significant effect on their carbon dioxide emissions, which are one of the main causes of global warming. The terminology of “green” and “environmentally friendly” products are assuming wider acceptance among producers and consumers. For that reason, national and European policies are set in order to encourage the use and the production of these products.

What is more, regional and national legislation, as well as European directives and regulations, have a strong impact on the survival of the woodworking sector. Such laws and rules on safety and environment should be taken into account during the implementation of the restructuring processes and the environmental investments. Based on this scheme, the European Economic and Social Committee considers that the products' Life Cycle Assessments (LCA) represents the appropriate environmental management tool for the future, as LCA is a tool for identifying the environmental releases and evaluating the associated impacts caused by a process, product or activity throughout its entire life cycle.

In addition, the EU Study on the Wood Raw Material Supply and Demand for the EU Wood-processing Industries states that sustainable and continuous supply of wood raw materials is crucial to maintain a competitive wood industry. The European rules regarding circular economy (MEMO/14/452 and COM(2014) 398 final) add that the cascade use principle will represent the optimal way to maximize the resource efficient use of the natural raw material that wood is. In other words, suitable wood assortments ought to be used physically rather than to serve as a fuel. The cascade use approach not only secures optimal economic usage of the raw material, it also provides important climate benefits through continuous carbon storage and substitution effect, prior to the use of wood as a source of energy.

For example, the Italian company Antico E. has developed a policy that combines the use of raw materials and the cascade use of wood during its production processes. Having in mind that their costumers' requests derive from the demand for high quality and unique design pieces in harmony with the principles of eco-sustainability, they only use components that are both top quality raw materials and exclusively Italian, following a certain procedure of polishing and unnailling of the retrieved wood. As a result, not only they focus on certification standards (UNI ISO EN 9001:2000, CERMET),

but their production principles are: recycling and giving a new life to their materials by the reuse and final depletion of the product.

One of the most vital factors of the restructuring procedure relies in its preplanning and preparation. This is because every single initiative for developing the company will at some point include the need for new machinery and equipment in general. This need for technological changes should be planned in advance, as their implementation is time-consuming.

For example, the British companies Premier Kitchens and Boss Designs began their implementation procedures years ago. To begin with, Premier Kitchens initiated its sustainable practices approximately 5 years ago following 4 stages. Firstly, there was a demonstration of commitment for sustainability-driven investments after what they invested in a biomass facility. On the third stage of their restructuring procedure that lasted 12 months, they invested in energy efficient measures, such as the power correction factor, VSD's & a LED factory lighting system. Lastly, they invested their resources on landfill and skip reductions, which led them to decrease their average costs per manufactured unit.

### **3. THE ROLE OF EMPLOYERS**

One of the most vital variables in a company's structure is indeed the employers. It is generally accepted that they are in charge of taking decisions and implementing changes at the end of the day but stakeholders' consultation and the local institutions' involvement is always needed - with the specific contribution of employees, which form the base of the company's pyramid. Based on this thought, the whole staff should be aware of the necessity of change and so be involved to the innovation and restructuring processes. A key element a company should improve is the information flow between employers and employees. In this way, it will strengthen the coordination and the communication within the team of employees.

Additionally, the company should take actions in order to increase the empowerment and involvement of employees and the further improvement of the response-time to suggestions coming from employees regarding dysfunctions and possible improvements to be made within the company. As a matter of fact, offering different alternatives such as the reduction in working hours, early retirement, flexible hours, etc. will facilitate the agreement with employees on further improvement or restructuring of the company. Finally, employers are greatly advised to improve the working environment; for example, if the creation of new jobs is required during the

restructuring process, companies should give the priority to already existing workers via internal promotion, if possible.

What is more than important, employers should realize that they form a great and important part of the society as a whole and, for that reason, relevant social actions should be taken in advance to any restructuring process. A specific example is the Italian social cooperative called Avanguardia, which focuses since 1993 on production, recycling and selling of wooden goods: they thus recycle old wine barrels, fruit boxes, and lacquer timbers dismantled from old barns, cowsheds and Alpine farmhouses. This activity has got double social value: the first one is the recycling of material otherwise doomed to dump, and the second one is the social rehabilitation of people: indeed, ex-alcoholics and drug-addicts - among others socially excluded groups - are given the opportunity to enter again the labour market.

Nonetheless, along with architects and designers (many of whom were previously unemployed); the owner started creating design goods, which, little by little, took their place in the shops of Verona: groceries, catering businesses, bars, etc.. A major result is the new start for Avanguardia on the Veronese territory, mainly due to the commerce of a good grapevine in the area, which has been also helped a lot through the linking with a German e-commerce website, DaWanda, that made them cross the borders to the surrounding regions and gain some exposure in the Milanese scenery as well. For that reason, Avanguardia has shown that its model is a good practice for employers in terms of social commitment as it offers different alternatives to disadvantaged employees and also because it is directly linked to the recycling and eco design on its territory, involving innovation, restructuring processes as well as the internationalization of their products.

#### **4. THE ROLE OF EMPLOYEES**

When decisions are taken by the company's management, in reality the implementation process is carried out by the employees who act and work under certain terms and circumstances. For this reason, it is really important for the employees to be proactive and willing to contribute actively to the restructuring process during which the need of complementary internal training might occur. Employees should agree to be trained in up-to-date technology and to acquire new skills and competencies allowing them to be more flexible and productive. Even though the restructuring of a company might demand of course the acquisition of new skills from employees, sometimes it is not so much about the training or skills but more about the need for a cultural change, which will ensure that all staff is

involved from the outset and understands both ethical and commercial reasons for strategy change and how this affects them as individual employees and indeed as citizens.

Through various examples from different companies it is observed that when employees are given opportunities for future contribution in the management of the company, there is an increase in their productivity. In order for this approach to be successful, employees need to comprehend that their input to the company is more than vital and that, when given the chance of decision making, they have to be zealous and energetic about it. In this field, an example could be given by the French family owned business COULIDOOR, founded in 1986, which is specialised in the design and manufacture of doors of cupboards and storage custom made solutions.

Since 2012, thanks to the direct initiative of the employees, the company has consolidated its sustainable development policy by implementing complementary actions. These processes are driven indeed by the industrial Director of the group, which relies on the internal staff under the supervision of the QSE Manager and the HR department. More recently, a strengthening of the whole management on strategic positions has taken place, with a Purchasing Manager, a financial controller, an R&D engineer and a marketing director being hired. This allows the dissemination and transfer of the principles for sustainable development in different strategic functions of the company and afterwards to all the categories below, such as the departments in charge of the economic sustainability, innovation, and external communication.

All in all, sustainable development represents a strategic approach for the company, especially once directly implemented and understood by the employees. However, it is still too early to measure the impact - particularly in relation to external stakeholders - but this whole process will surely help to strengthen the commitments of the company in customer satisfaction, supplier relations, innovation and the respect of the environment.

## **5. THE ROLE OF PUBLIC AUTHORITIES**

As already mentioned in the first pages of this recommendation book, not only companies, but also external factors exist that affect and interact with the economic environment of an enterprise. Therefore, regional and national public authorities should revise their support services towards companies through the whole restructuring process. Anyhow this guide is not suggesting that public authorities should provide turnkey solutions to companies but that they should build the bases for a fruitful dialogue to take place with the companies involved. A support/assistance service for the

companies and enterprises who intend to establish innovative solutions should be available to provide assistance on various topics such as law, intellectual property rights and business strategy. More accurately, those public administrative bodies should provide the right economic resources to companies who try to perform innovative solutions towards a greener economy.

It is rather remarkable that, at the moment, more and more EU governments and non-governmental organizations are encouraging the development of renewable energy in order to combat climate change mitigation and increase energy security. Wood is currently the largest source of renewable energy, although other renewables such as wind and solar, are rapidly gaining momentum. Nevertheless, it is estimated that a significant increase in the supply of wood will be necessary to reach the 20% target set for renewable energy by 2020. The EU wood working industries are playing an important role as providers of heat and electricity and as producers of wood-based bio-fuels, by becoming "bio-refineries", thus contributing to more efficient use of wood both for energy and forest products. Indeed, sawmills and wood panels producers are largely self-sufficient already through energy recovery from waste.

Following this direction, the European Commission, under its flagship initiative "Horizon 2020", introduced five Public-Private Partnerships, called 'Joint Technology Initiatives' (JTIs). The Bio-Based Industries JTI aims to promote a strong European bio-based industrial sector to reduce Europe's dependency on petroleum products, help the EU meet climate change targets, and lead to greener and more environmentally friendly growth. The consortium brings together almost 50 European large and small companies, public authorities, clusters and organizations across technology, industry, agriculture and forestry organized in a Bio-based Industries Consortium.

## 6. OTHER VARIABLES

Conjointly to the public authorities that could offer their services to the companies, other external advice for decision-making - from experts, observatories or technological institutes - is welcome as they can contribute in providing companies with the proper complementary information about the different future scenarios, the evolution of the market and consumer trends, but also to define critical aspects and a plan for improvements.

Local associations should be more supportive in helping the companies to adapt to the ever-changing market, providing tools to effectively manage change. Companies from other sectors could share how they manage the inter-generational changes successfully and what the critical factors to be

considered are. With regards to the impact of an external advice for decision making coming from external entities, the case study coming from Italy of Zanini Alcide Snc di Zanini Pierluigi & C is interesting.

This firm works in the furniture sector with onsite manufacturing and a restructuring process took place in 2012. There were several reasons to implement the restructuring of the company: they were working as subcontractor for a big firm and when the crisis begun they were compelled to work more for less money; furthermore, the client did not give the firm the necessary time to adapt and fulfil the new requirements. From that moment the company could not afford the increasing expenses of Italian taxation and the older partners and two of their most valuable workers retired. So it was decided to work on demand, providing their services directly on the market and also to invest in networking and communication on social medias (create links with the craftsmanship associations) and in self-empowerment of the younger partner.

As for the training given to the workers of the company, the younger partner (Mr Pierluigi), after the retirement of the older partners (his uncle and his father, who had been working in the firm for nearly 40 years), went into a big process of personal empowerment. He participated in training courses on the following topics: management, communication and marketing. In this process, the company was supported by the association of the Craftsmanship (Confartigianato Verona) through several training courses and mentoring, and was accompanied by consultants and advisors of this same association. Even though the company was not economically funded, the association of the Craftsmanship provided all the services and consultancy for free. The wood waste was not used yet as a source of energy in their company, but sustainability was going to be introduced in processes and products as a mean of costs reduction and as a mean of attracting new customers that are very sensitive to green issues.

At present, the company is evaluating investments in: a) social media management and launching of a new website; b) buying new machinery with low impact in deployment and with less energy costs in order to gain efficiency and therefore reduce the time of production.

## **7. MAIN BENEFITS OF RESTRUCTURING**

Restructuring towards a green economy may be considered as a measure to put the company in the best future scenario. Through different paradigms and case studies, it can surely be stated that many companies benefit from simply launching small and simple actions focused on resource efficiency or engaging with new technologies that are widely available for everyone. The

incorporation of the environmental variable in a company's marketing policy can lead to a serious improvement of its image in the face of consumers.

Undertaking the necessary investments might involve a competitive advantage over one's competitors and a better environment conditions for employees. It is really important for companies to invest in human resources training and vocational education providing the chance to their employees to gain new skills. Many companies of the wood sector have struggled to find qualified professionals that really fit to the business needs; investments in HR training is helpful in order to fill in skills gap between old and new professionals. Through such training, new and old human resources acquire not only the company's key competences but also its general philosophy.

Furthermore, as shown by the study case of Tad Legno Company in Italy, there was an integration of different competences between the older and the younger generations within the company. The older generation possesses high manual skills that had to be retained and passed on to the younger generation, which has more expertise in digital technology and could contribute in the areas of communication and marketing, exploiting the potential of internet and the new technologies in general.

Adopting a more sensitive approach to sustainability can help to meet customers' expectations as they have a deeper understanding of environmental issues. According to the example of restructuring of Premiere Kitchens, the established improvements have been positively received by their customer's base, whose comments suggested that they perceive Premier Kitchens as genuinely passionate and committed to sustainability. Sustainability has most definitely played a key part in the company's successful evolution, venturing into new markets other than kitchens, such as student furniture and more recently bathroom furniture.

By the same token, companies that implement innovative practices towards ecological and environmental sustainability improve their waste production and its reuse, and decrease their energy consumption. Other study cases such as Boss Designs and HYPNOS in the United-Kingdom have stated severe improvement of their energy consumption costs in the long term. For that to happen, firstly companies have to get technological upgrades that will increase their cost in the short term but will be beneficial in the long term. Making technical improvements results in a reduction of costs, an increased productivity, the optimization of resources, and reduced energy consumption; this is translated into cost savings as well as in the improvement of competitiveness.

The study case of the Spanish company Royo has shown that the implemented investments directed to the protection and progress of the

environment have influenced the employment growth based on the company's competitiveness and productivity growth. Furthermore, the Italian Company Trada BM is a good example of modernization of a company's image which combines its strengths - without damaging its values - employees and the integrity of its services. The use of new technologies involves a change in the processes, the majority of which implies a resource consumption savings and, finally, significant cost savings.

## **8. CONCLUSION**

As already carefully analysed through this guide, there is a significant need of implementing eco-design measures as part of a greater scheme of social and environmental responsibility. Eco-design is a methodology applied to the process of product manufacturing in order to accomplish reducing and preventing their environmental impact. It also takes into account the environmental impacts at every stage of designing and developing a product, in order to make sure that the aforesaid produced goods have the least environmental impact through their Life Cycle Assessment.

It is important for companies to realize that, from time to time, they need to review their businesses and customer's relations in order to check if, in an already complex business area, clarity and simplicity in communications are verified, as this is rare, but valued. For this guide, clarity and simplicity is resumed in one very important fact: linking cost savings with social and environmental sustainability is the only way for companies to improve their management and economic performance.

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