

“We are looking the storm in the eye and in every situation we are trying to do the best for the future of our company.”

Now the consequences of the “Covid 19” pandemic have also hit the traditional company SPN Schwaben Präzision in Nördlingen. Due to the short and long term effects of the crisis, SPN must drastically reduce personnel costs. For this reason, SPN and the IG Metall trade union have agreed an in-house collective agreement that will ensure the competitiveness of SPN in the long term.

From as early as the third quarter of 2019, cyclically induced declines in orders, particularly in the automotive and textile industries, clouded the generally successful 2019 financial year: As a result, SPN Schwaben Präzision had to announce reduced working hours in most areas of work as early as January 2020. The company has therefore corrected its sales targets for the 2020 financial year accordingly at an early stage in its planning. After six consecutive years in which the Nördlingen-based drive specialist was able to achieve in part significant increases in sales and thus gradually free itself from what was still a delicate economic situation at the beginning of the 2010s, such a pause for breath seemed acceptable, if only for reasons of consolidation.

In the middle of this phase, the Covid 19 pandemic exploded, triggering a global economic crisis. From the point of view of SPN, “eye-to-eye” is not possible under the given conditions. The management board, which has been in office since 2012, had reinvested the profit margins primarily in the expansion of industry-specific technology, in all processes and in the headquarters itself in order to create the best possible conditions for the company's continuous medium- to long-term development. As in the past, pension provisions resulting from decades-old contracts are continuing to be added to this to a considerable extent, with detrimental side effects. These were cushioned by amendments to the existing collective bargaining agreements, which were concluded at the end of 2014, and the resulting additional burdens for SPN employees in the anniversary year were partially offset financially.

Rainer Hertle, Technical Director of SPN: "Under these conditions, a paradoxical situation has ultimately arisen for us. Because despite the corporate successes we have achieved in recent years, which have also secured many jobs and even created a few new jobs, we can no longer wait to implement tangible savings immediately at the beginning of this enormous economic crisis of unknown magnitude. In the present crisis situation, responsible decision-making is forcing us to take clearly structurally oriented but drastic measures in order to survive the crisis without lasting damage, including from an economic perspective," added Georg Jaumann, Commercial Managing Director: "These measures unfortunately also affect SPN's greatest strength: our employees. In addition to other measures, we will have to cut personnel costs in the clear double-digit percentage range this year and the following year, which is why we ultimately left the Association of the Bavarian Metal and Electrical Industry (VBM)."

If no action were taken now, Jaumann continued, the traffic lights would possibly switch to red before the end of the year: "We would thus, as far as we could see, run the risk of becoming insolvent in the near future and jeopardise the continued existence of the entire company and thus all jobs."

In order to prevent this scenario, it was possible to negotiate new framework conditions with the collective bargaining parties in an SPN company collective agreement. These include, on the one hand, a temporary unpaid increase in working time in order to ensure long-term competitiveness. In addition, previously fixed one-off payments have been reduced to just under half, but supplemented by a profit-related variable component. This makes SPN more resistant to crises and at the same time ensures that the employees have a share in the company's success. Permanent flexibilisation and simplification of the collective bargaining framework was also agreed. For the extraordinary crisis year 2020, a flat, reduced fixed amount was agreed for the one-off payments. For example, despite the crisis, the employees are able to service their existing pension contracts - on the other hand, the SPN company is given financial leeway to compensate for the economic losses.

To the great regret of all those involved, about 40 jobs will have to be cut by mid 2021. Just under half of this will be achieved by not filling natural turnover and expiring fixed-term contracts. The other half must take place by way of job

cuts for operational reasons and the active support of the company for a transfer to other regional companies.

Rainer Hertle on the results: "The SPN in-house collective agreement helps to maintain as many attractive jobs as possible sustainably for the future at SPN. I am very glad that all parties involved have found a sustainable solution in the best sense for the SPN and have fulfilled their responsibility for the SPN employees."

Karl Eichberger from IG Metall Augsburg: "In the present situation, they were anxious to find a solution at the negotiating table. This was also the request of SPN's IG Metall members."

Important: The joint package of measures not only includes the effects of the current crisis, but also sets the strategic direction for the period after the crisis and the subsequent further development of the company. The declared aim: to increase our own competitiveness. Rainer Hertle: "From an economic perspective, however, the only way to get there - and Corona is currently demonstrating this emphatically - is to increase flexibility, especially in terms of personnel costs.

The good news: "We have acquired several dozen new customer projects in recent months, but these will only go into series production in the next two years. For this we must first of all now go into preliminary work."

But this much, according to Jaumann, is already clear: "There is life and work *during* the crisis, and there will be life and work again *after* the crisis. One way or another, we say: We are looking the storm in the eye and in every situation we are trying to do the best for the future of our company."