

# The ticking time-bomb of restructuring at Alstom

Accidents, chronic illnesses, burnout – Alstom-Käfertal Germany's plant posts a devastating health record even with the economic slowdown and short-time working. The crisis and an unintelligible industrial strategy have undone much of the good that a risk management system implemented just over a decade ago had on the quality of work.

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**4700 jobs have gone at Alstom Mannheim in the last 15 years. "Survivors" fear they will not be long for the chop.**

Image: © Giovanni Nardelli



## Background

### Paris takes over

Pioneering power generators Charles E. Brown and Walter Boveri founded Brown, Boveri & Cie (BBC) in Baden in 1891. The company soon went international. The Mannheim-Käfertal plant opened in 1901, manufacturing steam turbines, motor coils, transformers and generators at the confluence of the Rhine and Neckar rivers. The company has its own technical schools, housing estates and social clubs.

BBC survived two world wars and profited greatly from the massive post-war reconstruction

474 jobs are for the chop. Tension and stress are in the air at Alstom's Mannheim factory in Baden-Württemberg (Germany) where for the time being more than 2100 people still design and manufacture turbines and electromechanical equipment for hydroelectric and nuclear power plants the world over.

For Mannheim-Käfertal's employees, "both their economic livelihoods and mental health are under threat", fumes IG-Metall full-time union official Wolfgang Alles, ushering me into the *Ampère*, a hundred-year old squat brick building where the works council meets. This building is as far as I get, as Alstom Power Germany management has refused me an interview and permission to look around the 172 hectares of factory and office buildings.

Psychological distress and mental anguish have increased these last few years. Never-ending reorganizations create a sense of uncertainty, injustice and helplessness. "Unofficially, we know which sections are going to be shut down and how many jobs will go", admits quality controller Jürgen Zimmermann. "But not officially, because the negotiations haven't started up yet."

For now, a third of the workforce is employed in production and assembly, the other two-thirds being engineers and admin staff. The axing of 474 jobs pales by the side of the 4700 jobs scrapped over the last 15 years. In

programmes. At the forefront of innovation, BBC developed solar and nuclear power, employing up to 11 000 workers in the late 1970s. The problems began with BBC's involvement in building the Mühlheim-Kärlich nuclear power plant near Koblenz, situated on a seismic fault line.

The mistake forced BBC into a rushed merger with the Swedish company Asea in 1988. BBC became Asea Brown Boveri AG (ABB). The workforce shrank to 6700. In 1999, ABB agreed to merge its operations with France's Alstom. The following year, ABB Alstom Power finally handed over a share of the business and the premises to ABB. The firm changed its name to Alstom Power, and is now governed from Paris.

2000, Alstom took over the century-old company Brown, Boveri & Cie (BBC) (see box), located in the heart of one of the richest regions in Germany and Europe.

Three years on, Alstom was already looking to slash the workforce in half by shutting whole swathes of engineering and production operations. A huge labour protest in 2003 and again in 2005 achieved a standstill on job cuts until November 2010, extended for another year. So the new "staff adjustment plan" comes as no surprise to anyone.

The standstill was absolutely contingent on reorienting production, so Alstom now makes only one product at Käfertal: massive steam and gas turbines for power plants. This single-product specialization concerns the workers, who complain about chronic underinvestment and the short-termism of the French group's industrial strategy.

Despite the crisis and subnormal capacity usage, the workers have kept their jobs through federal government-funded short-time working. Workforce size has remained stable because "very little" use has been made of fixed-term, temporary, outsourcing and secondment contracts, says Wolfgang Alles. Only manual workers and the youngest engineers have gone to escape this delayed action restructuring. The short-time working and standstill measures run out this autumn. The tension has reached breaking point.

### Employees' health is suffering

30 people suffering burnout, 50 on sick leave for over a year. The crisis and uncertainty have undermined some of what the measures to improve work quality implemented in 1999 by the GFA risk management system achieved (see box p. 21).

The 700 production workers are most at risk of accidents. "Some workers are already pretty battered and bruised by the age of 50", says Egon Mäurer, who joined BBC as an engineer in 1973 and has been a health and safety rep since 1994. "Around 200 people are very often off for over six weeks in a year in total. They come in for three weeks, then fall ill again, either with the same illness or a different one. Their main problems are back pain and other musculoskeletal disorders."

The most debilitating job is cleaning the turbines by high pressure water or sand blasting. It is dirty and noisy work. The workers' reps try to counter the risk of deafness by telling workers about protective equipment, but they are unsuited or misused. On the good side, their injuries are a recognized occupational disease, so the exorbitant cost of hearing aids or implants is reimbursed.

Turbine assembly brings a daily accident toll of minor cuts to fingers. It is a tricky operation which involves hand-fixing the very

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## **Risk Management: Alstom imposes its model**

The 1996 Occupational Health Act (*Arbeitsschutzgesetz*) and European directives changed the ways occupational health and stress were seen and taken into account in Germany.

Off the back of these new provisions, the ABB (now Alstom) works council in conjunction with top management set up a risk analysis system (GFA – *Gefährdungsanalyse*) to prevent and record the physical and psychological risks that employees are exposed to. Questionnaire surveys helped identify 3400 concrete measures against physical risks and more than 400 against psychosocial risks – some concerned with improvements to workstations in production and assembly sections (noise, dust, chemicals, poor ventilation) and the offices (lack of space, lighting, ergonomics). Each employee has documents to prove the risks they may have been exposed to, which can be invaluable in the event of disputes.

sharp turbine screws in the casing. Gloves cannot be worn because the worker knows only from touch and the sound of the hammer on the screw if it is properly fitted and fastened. "Operators have to push with their arms raised, which damages their back, arms and shoulders. So in that job, your health has gone by 40", continues Egon Mäurer.

The occupational doctor is this year using new methods to examine jobs (ergonomics, painful positions, etc.) and whether those doing them are healthy. "It's a battle to get equipment to help with carrying heavy loads", he complains, having long worked on the now-outsourced production planning and organization service. "All the machinery needs overhauling; the operators are constantly calling for it", he goes on.

Asbestos is another big fear for the workers. The unions reckon that more than 200 current or former Alstom workers have

The GFA also gave an overview of mental distress (pressure, stress, poor promotion and training opportunities, lack of recognition, fear of job loss). The works council has developed training for foremen and workers on psychosocial risks and conflict management.

Alstom has its own management system, known as EHS (*Environment Health & Safety*) laying down health and safety standards "parallel to the official regulations, which the works council does not recognize, because it does not add to but ousts the statutory obligations", says Egon Mäurer. There is no full list of EHS requirements. Some are trivial: make sure waste paper baskets are emptied; others are more intrusive: check whether there is beer hanging around in cupboards. This is more about disciplinary management than preventive health and safety at work, argues Egon Mäurer, who wants to focus more on the trade union and statutory recommendations that are regularly distributed to employees. The EHS cannot be used to get compensation for an illness, for example.

suffered asbestos poisoning. Hundreds of cases of asbestos poisoning have been reported since the 1980s. Other highly toxic substances are causing concern. "Recently, a former colleague died of benzene poisoning" (*from exposure to benzene and its derivatives – ed.*), Egon Mäurer says. "Blood tests can reveal all the hazardous substances that a human being has been exposed to throughout his life. We traced back his career in the company to get recognition, so his widow now gets a higher survivor's pension."

### **Men at breaking point**

Bizarrely, the introduction of short-time working has led to an intensification of production work. "The arrangement is running out", says Wolfgang Alles who started with BBC as a toolmaker in 1987. "Push comes to shove, it's better than the dole, except that it has been used as a means of streamlining. The work is more intensive than ever."

One worker who wishes to remain anonymous says operators go in fear of a teammate being injured or falling ill, because they will have to pick up the slack. "It's just every man for himself", he adds with some regret for what BBC's work ethos used to be when youngsters were taken on as apprentices and given lifelong training to keep them working up to retirement.

Alstom's employees are used to changing jobs, but now they fear losing them. "You don't get redeployed at 50, engineer or not", says Wolfgang Alles. The whole region is prey to relocations and plant closures. "We wonder when it'll be our turn", adds another worker who preferred not to give his name, dismayed that the question crops up every four or five years, even for those on permanent contracts. "Some of the lads just starting out have ideas of buying a home, starting a family, but live in fear of bad news. It's hard to find work if you have highly specialized skills. Especially as permanent jobs aren't easy to come by." There's the rub – metalworkers face a big jobs shortage in the Mannheim employment area, despite it being at the heart of one of Europe's most prosperous industrial regions.

Egon Mäurer says there have been thirty cases of burnout and several suicide attempts. Twenty-eight of the 30 burnout cases were men, some production operators like



**Turbine parts assembled in Alstom's German factory now come from Poland, China and India. Jürgen Zimmerman feels powerless against these decisions taken in Paris.**  
Image: © Giovanni Nardelli



Hans Müller (see box p. 23) and especially engineers. Two women – both in a delicate psychological condition – had a very hard time coming back from maternity leave in this toxic atmosphere. "It only takes a snappy foreman to push them over the edge", says Egon Mäurer, who himself was hospitalized in 2009. The rule is for the company to warn the works council about someone who is frequently off or showing signs of instability. In most cases, however, it is the person themselves or colleagues that report problems.

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"They know we'll listen, and that has helped avoid acts of desperation", he adds.

The works council sees to it that returning workers can choose to go back to the same job or not. They ease back into the fray, building up from just three hours a day until they can work several days in a row. If someone wants to leave, the union reps ensure that they have the shortest possible period of unemployment leading to a job or a decent retirement pension.

The engineers also are frustrated with Alstom's risky single-product specialization. The plant now produces only huge steam turbines, and especially gas turbines. The turbine updating and repair services are working. But the list of innovations considered not profitable enough is long: transformer, diesel differential pressure gauge, electric batteries, solar panels, electric magnet, generator. One of the key products – small turbines generating up to 50MW for the booming district heating market – was sold off to its rival Siemens under pressure from the European Union which wanted to see competition develop in the market.

Even the recent investment in a new boilermaking section set up in 2008 is deceptive

## **Testimony**

### **"You realize there's nothing you can change in this mug's game"**

**Jürgen Zimmermann** controls the quality of large parts made in the Polish foundries.

My working conditions have changed a lot. I'm exhausted, more than before. It used to be that I'd get home dropping with physical fatigue; now, I'm mentally washed-out, too. Short-time working isn't good in the long run. You worry. You realize there's nothing you can do, nothing you can change in this mug's game: it's disorganization, programmed destruction.

And yet I love my job; it's well paid. I've learned a lot of specialist skills with the firm. From being apprenticed at BBC here at Käfertal I worked on the high voltage power line plants, then transformer production. After that, I worked on manufacturing generators. When the section became just an assembly operation, I went to logistics. Then that shut down. For four years, I've been controlling the large parts arriving from Poland where Alstom has a foundry.

Other smaller parts are made in India and China. Some of them come in defective because they're made at lower cost. So they have to be done again, and in the end that costs more! It's beyond me why they should relocate when "made in Germany" quality is recognized worldwide. Scrapping jobs that require skills like ours can only be bad for productivity and quality.

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**"We've been asking Alstom for over a decade to develop new products and go out and get market share. It's a matter of survival".**

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since it too is threatened by the forthcoming restructuring. The unions had won the investment in this 30 people unit in exchange for agreeing to other production segments being shut down. "These are lethal decisions; that's how they come over to all the workers", says Wolfgang Alles. "Workers are up in arms because they have never stopped fighting for this plant, to preserve their know-how with top-quality products."

### Suspicion and bitterness

The engineers have put forward proposals to avoid this industrial one-trick-ponyism. "They are ready to create, but they're not being given the means. We've been asking Alstom

for over a decade to develop new products and go out and get market share. It's a matter of survival", cautions Egon Mäurer, who joined BBC in 1972 when it had 11,000 employees working on the site.

Most of the middle management are highly critical and even join in the demonstrations. "They are as affected as us", says Jürgen Zimmermann. "The directives come out of Paris, and they have no say." The foremen are caught between a rock and a hard place, managers no longer have time to bother about "the well-being of employees because they are under constant pressure from the board room and shareholders", fumes Wolfgang Alles. The shareholders want "increasingly more short-term profit, which is why they are investing so little", he adds. "What new machines there are, are those that were ordered several years ago. They have no long-term vision."

And yet there is no shortage of markets for state-of-the-art electromechanical equipment. The phase-out of nuclear power by 2020 in Germany could drive a big demand to make up the 40 000 MW previously provided by nuclear power plants – the equivalent of 60 electricity generating plants. Thermal power plants across Europe also need to be updated.

The works council fears that Alstom is scrimping on investment to force a closure. The workers suspect there are plans to relocate operations – and transfer the technology and know-how – to Mexico, China and India. "We know what's happening around us", cautions one worker. "Alstom's newsletter gives the official version; it's open about the huge investments in India, China and Chattanooga (USA). We get information back from the fitter-riggers who go round the sites worldwide. They meet people from Alstom and other rival firms. We know about the calls for tenders, relocations and closures." Clued up, then.

There is a palpable sense of bitterness, but not total resignation. And the odd small victory helps lift that stay-of-execution feeling. Faced with the threat of 700 job losses at an Alstom Transport tram plant in Salzgitter (Lower Saxony), the Mannheim workers came out in solidarity. The unions won

guarantees that the jobs would stay until 2016 and the proposed relocation to Poland be dropped. Only 160 to 250 jobs will go by natural attrition by that date.

I slip quietly away, leaving behind me the symbol of an industrial adventure intended to last – the BBC name carved in stone on the porch of the historic entrance. ●

### Testimony

## **"The firm's just standing there, waiting for the worst to happen"**

**Hans Müller** has been with the firm for 35 years, and works as a turner in a production unit.

I hit burnout last year. I told the staff reps and went to see a psychiatrist without telling the company. With short-time working, the pressure's ratcheted up and the work's more intensive. Last year I was on short-time working for 93 days; this year it will be double that. You get less pay, although the company does pay compensation. I can't take two days off or go on holiday because Alstom can call me at any time. If we have to fill an order, I'm there straight away and we make the part as fast as possible. The big fear is making a mistake that might hold delivery up, especially with the untenable manufacturing lead times that put quality on the line. It's really gruelling.

I am shattered, angry and a bit resigned when I see how the market is going. It's picking up for everyone except for us. With short-time working, the company makes more profit but doesn't address the causes of the decline in business by looking for new products or new markets. They're just standing there, waiting for the worst to happen. It's wretched, because I started here in 1976 and I've got another five years to go.