

## **GALLETAS GULLÓN: A highly innovative family business**

### **What does this case study demonstrate?**

Galletas Gullón shows an interesting case study of a Spanish family business operating in a traditional sector but experiencing high growth rates in the last decade due to a combination of right market decisions and a commitment to enhance the well-being and employment conditions of their employees, as an integral part of the company's culture.

**Workplace innovation elements:** supporting employee initiative and participation, learning and reflection, workplace partnerships.

### **Context**

Galletas Gullón, is a leading biscuit manufacturer in Spain and in Europe. The company, founded in 1982 in Aguilar de Campoo (Palencia, northwest of Spain), is still owned by the founding Gullón family, so it can be regarded as the sector's last remaining family-run company in Spain. In the last ten years, the company has experienced a double-digit growth in turnover. This rapid progression is based on a combination of four inter-related factors, namely, an increasing international presence, an emphasis on R&D activities that result in the launching of new product lines, a constant profit reinvestment policy and, finally, an active attention to Workplace Innovation (WPI) practices related to human resources (this point is explained in next section).

Firstly, the company is currently exporting to more than 100 countries in the world, where around 35% of the turnover comes from these exporting activities. Secondly, Galletas Gullón devotes around 2.5% of its turnover to R&D activities, where this investment is dedicated to the research of new products and biscuit varieties (in fact, the company has got more than 200 different varieties and it is currently boosted by its leadership in the "health biscuit" segment, where they were pioneers in the Spanish market). Finally, the company is characterised by a continuous reinvestment policy of all company profits. This reinvestment policy has been used to build up some of the most modern and automated facilities in Europe around Gullón II factory in Aguilar de Campoo, covering 100,000 m<sup>2</sup> and a warehouse of 18,000 m<sup>2</sup> with a capacity for 27,000 pallets. Recently, in 2012 Galletas Gullón opened an Italian subsidiary ('Biscotti Gullón') and launched a new factory called VIDA, also in Aguilar de Campoo with a surface of 50,000 m<sup>2</sup> and devoted to cereal-based products mainly for foreign markets (it is important to stress the unchanged commitment of the company since its foundation to the local area of Aguilar de Campoo, 7,200 inhabitants).

To give some data, the company did have a gross turnover of more than 250 million Euros in 2013, with a production of around 150 million kilos biscuits in the same year. In the last decade, the company has reached a productive investment of more than 300 million Euros, and the 2014-2016 Strategic Plan foresees an investment of 70 million Euros during the next three years. It is not strange that the company is perceived as one of the region's leading economic drivers. From a human resources perspective, Galletas Gullón has got a total workforce of approximately 1,100 persons, which in the last years is continuing hiring new people due to its expansion activities.

## A company attentive to its workforce

As already mentioned, the company pays strong attention to the development of Workplace Innovation (WPI) practices. In this sense, some of the most prominent WPI practices developed by Galletas Gullón are explained next:

**Strong commitment to the competence development of its employees.** Galletas Gullón considers that training is a basic strategic tool within its Human Resources policy since it fosters employees' personal and professional development with the aim of permanently updating and adjusting their qualification levels to the new organisational and technological changes. In this regard, these training activities, usually discussed and jointly agreed by the concerned (groups of) employees and company representatives, are structured around a multiannual training plan. Also, the company has got a very active and open hiring policy, intended to identify the best suitable candidates (children of employees have preference when carrying out work placements at the company and can apply for the internships).

**Fluent social dialogue with the employee representation.** Galletas Gullón has got a good social dialogue with employee representative bodies, resulting in regular meetings (at least four per year) where both sides (company and employee representatives) exchange relevant information (information on the economic evolution of the company, main activities developed, existing future plans, ideas/suggestions from employee representatives, etc.). Linked to this point, the company has got its own enterprise collective agreement, with working conditions (i.e. salary levels, working hours, social benefits, etc.) which are much better than those established in the sector/provincial agreement. Also, in the last years, the company's salaries have increased by 3% on annual average, a situation which is rather an exception in the current economic crisis. Not surprisingly, the social climate within the company is good and collaborative.

**Strong involvement of Galletas Gullón in Corporate Social Responsibility (CSR) activities aimed at company employees.** Examples include the development of special summer camps for the children of the Gullón employees or the introduction of a four-month pilot experience intended to provide customised "personal trainer" services to those employees who were interested in combining physical and dietary training. 153 employees took part in the initiative, where the company compromised itself to donate to the Red Cross the double of kilos lost by participating employees in terms of kilos of biscuits (more than 650 kilos of biscuits were finally donated). Linked also to this, Galletas Gullón has got a very ambitious "Occupational Risks Plan" intended to monitor the integrity and safety of its workforce in their respective jobs, as well as an "Equality Plan", annually reviewed and updated and intended to develop a non-discriminatory work environment. Employees' representatives participate in the existing Committees to monitor both plans.

**Encouragement of ideas and suggestions stemming from the employees.** Galletas Gullón has developed during several years the so-called "manufacture of ideas", where employees have developed suggestions and ideas for improvement, where the best ones are usually prized by the company. Also, the company has got the so-called quality circles, that is to say, groups of selected employees that meet together on a regular basis in order to identify areas of improvement in different domains (production, organisation, etc.).

The fact that Galletas Gullón is a fully independent business family business implies that the introduction of these WPI practices solely respond to the own initiative of the company, namely the Gullón family members and the top managers.

## So who benefits?

From the perspective of the management representatives, an active involvement in WPI practices has got a number of positive outcomes for the company itself, including the possibility to attract the best people from outside as well as keep a highly satisfied and engaged workforce whose potentials and possibilities are fully optimised, which in turn results in increased productivity and performance levels that favour the profitability and long term sustainability of the company.

Meanwhile, and from the perspective of employees and employee representatives, Galletas Gullón is perceived as a very attractive and financially solid employer that offers not only good employment and working conditions but also as well a long-term job/income security. This final element is particularly appreciated in the current economic crisis situation.

## **Prognosis**

The investments in human and technological capital carried out by Galletas Gullón in previous years, together with the investments foreseen for the future, are laying down the bases for maintaining the current growth levels over the next years, reinforcing therefore the position of the company as leader of the biscuit sector in Spain and in Europe and their reputation as the region's leading economic driver.