

## Summary of sector trends: metal and machinery industry

December 2011

# Internationalisation

In 2011 the Catalan Government has offered internationalisation grants to Catalan companies to finance the various stages of exporting (strategy design, setting up sales departments, foreign direct investment, etc.). Despite the current climate, it is expected that these facilities will be maintained.

In recent years, the reduction in transport costs and the development of new technologies have fostered the internationalisation of production **worldwide**. This has meant that companies have broken up their production and marketing processes and spread them abroad, i.e. divided them across a number of countries to **cut costs, achieve enhanced supply and reach new markets**.

The scope of this process and the relocation that it sometimes involves depends on each production sector and the competition posed by the industrialisation of emerging countries.

The metal and machinery industry, which is the fourth largest Catalan industrial sector in terms of turnover, has not been

exempt from this. Thus in recent years there has been a rise in the number of sector companies that opt for foreign markets, either by exporting products or by setting up production and sales branches abroad. Indeed **it is the most internationalised companies which have best weathered the current crisis**, partly due to quality standards in Catalonia which are higher than those in emerging countries.

Thus the increasing globalisation of international economic relations and the rapid evolution of technology have driven the **internationalisation of the Catalan metal and machinery industry**, mainly in the **construction of machinery and mechanical equipment**.

## Impact on the sector

The metal and machinery industry plays an important role in the expansion of Catalan industry as it accounts for 26.5% of it.

Globalisation is thus the **only option to deal with competition in the sector worldwide**.

However, to ensure the success of this process companies in the industry need to implement **strategic plans to improve their competitiveness**. This means working on areas such as technological innovation, research and development and cooperation with companies and institutions that are sources of knowledge.

The fact is that any internationalisation process has to be supported by a series of **competitive advantages**, such as obtaining and renewing quality certificates, design, cost, etc. In view of the sector's maturity, these advantages need to be constantly developed so that companies can stand out from their rivals.

Hence internationalisation not only enables the Catalan metal and machinery industry to reach new markets but it also plays a crucial role in **ensuring the necessary technological advances** in production processes. These advances should be directed towards **supplying metal components and end products that have the features required by each of the markets** in which a company operates or intends to operate, such as technological specifications, quality, price, etc.

Internationalisation therefore entails a restructuring of the sector that is already taking place, together with the adoption of **new research and development and marketing strategies** involving intensive use of new technologies. As in all manufacturing sectors, innovation is a key differentiating factor that promotes the success of internationalisation.

**The business areas in the sector that exported the most in 2010 were manufacturing cutlery and ironmongery, metal containers and steam generators, forging, metal stamping and powder metallurgy and manufacturing other unclassified metal products.**

## Impact on professional profiles

**Having quality certificates is essential for the sector's internationalisation. Getting and retaining these certificates calls for people qualified in quality systems (internal or external auditors). Hence demand for these profiles is likely to rise.**

Over the last 10 years, restructuring of the sector has meant that employment in the metal and machinery industry has fallen by 28%. Modernisation and mechanisation have made it less labour-intensive, which has led to jobs disappearing.

The internationalisation of the sector involves the adoption of new strategies that have affected and will affect its organisational structure and production systems, altering aspects such as work organisation, change management, leadership, team motivation and the allocation of resources.

Furthermore, in addition to the changes in physical structure entailed by the reorganisation of facilities **sector professionals need to be aware that they must offer differentiation from competitors.** This affects some professional profiles such as sales staff and production plant operatives.

According to the experts, internationalisation of the sector will lead to change in professional profiles in two areas:

- **International trade:** the sector will need to hire experts in international business (marketing, international law, etc.) who have sales competencies (language skills, especially English). In addition, they will need the support of external personnel to guide work organisation and facilitate change (business consultants and marketing specialists). Profiles such as Business Developer or Export Area Manager are increasingly in demand.
- **Research and development:** profiles in market research, competition analysis and the development of new manufacturing and marketing products and processes are also crucial in ensuring the sustainability of internationalisation strategies.

Co-financed by:

