



**Lazpiur, a family business rooted in the territory,
serving constant renewal**

A case study prepared by Cristina Aragón and Cristina Iturrioz for Antonio Aranzábal Foundation and Deusto Business School. The authors thank the company for their collaboration and in particular, Miguel, Agustin and Jone Lazpiur and Josu Lete for their participation in the project. The final version of this case study was approved on 6 March 2015. Translation: Patricia O'Connor Sims, University of Deusto.

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Two large white flowers in a circular iron figure first welcomed us when we entered Lazpiur. It was an unpleasant rainy grey morning that contrasted with the brightness at the company's entrance. After ringing the bell, the door opened wide, and a friendly-looking man approached us with his hand outstretched and a beaming smile. He introduced himself straight away, without preamble: I am Miguel Lazpiur, nice to meet you.

Lazpiur's one-hundred-year-old history dates back to the grandfather of Lazpiur brothers, Miguel and Agustín, who are today the living memory of the company and its leading figures in the last half of the twentieth century.

1914-1960 The origins of Lazpiur: from leather to metal

While World War I broke out in Europe, José Lazpiur Aguirrezabaltegui, a key local figure in Bergara (Gipuzkoa) at that time, acquired a shoe business of which he had previously been a partner, along with his partner Díaz de Mendibil. Jose Lazpiur had been an enterprising man, open to new technological advances. He was particularly keen on photography and everything related to technology, and he even managed to build a radio in those years. As an example of his enterprising nature, it should be noted that he owned the first 5 CV Citroën car in the area. That was the origin of José Lazpiur and co., which gave birth to the current Lazpiur.

Once led by José Lazpiur, the business grew to have 200 workers producing more than 70,000 pairs of shoes a year. The key to success in those years lay in the quality of the product. This feature was and is still, despite the changes in the company's scenario and field of activity, a genetic factor of its business competitiveness. This has been enhanced by the culture of excellence that the employer and his employees demonstrate in their daily work, and the constant incorporation of technology, as was at that time, the new machinery imported from the United States.

Picture 1. Workers in Lazpiur shoe factory



Source: Lazpiur, S.L.

However, quality sometimes is not enough to give continuity to business, and still less in times of war. In fact, shortly after its inception, during the Spanish Civil War, the family had to exile to Bilbao due to José Lazpiur's sympathy for moderate Basque nationalism and the Republic. The factory was seized from the family for five years, and its activity was devoted to leather cutting to supply material to Franco's side. After this time, the family managed to recover the business and shifted from the leather to the industrial sector with the manufacture of nails. These were very turbulent years in every way and, of course, Lazpiur company was also affected by the war.

After José Lazpiur's death, his son Pepe Lazpiur continued with the business, and his firstborn son Miguel soon joined the business family from a very early age. Miguel's initiative and entrepreneurial spirit were evident from the outset, and they were seen in the new ideas he managed to launch. The search for new opportunities that could generate purchase orders for the business led him to expand the business vision of the time and assess its new potentials.

Young Miguel soon saw the need to incorporate new technology into the business. An example is the purchase of an Osuma- Brand lathe, the acquisition of which ensures demand in the machining of parts. Likewise, a machine was incorporated for brushing, reinforcing the industrial character of the business, now focused on machining, facing the decline in the leather sector and the gradual abandonment of nail production.

- *“At the age of 19, I went to see an Osuma lathe for sale, and I realised that there was demand from several companies that were settling down in the area. I was aware that this could help to contribute more to the family and I toured the local workshops to find work for that lathe. Taking advantage of the huge growth of the industrial sector led by nationalist Julio Azkarkorta and encouraged by my mother, my father gave me all his savings, 50,000 pesetas, to buy the lathe and, with a bicycle I still have, I collected orders and delivered parts to the local businesses.” – Miguel Lazpiur, manager at Lazpiur*

Led by young Miguel’s enthusiasm and participation in the company, the family supported the new projects involving all their assets in it. At that time, Miguel’s mother, Pascuala Lamariano Larrañaga, played a key role. Pascuala, a woman of character, was decisive and supported the business venture proposed by her son, encouraging her husband, Pepe, to undertake the new business, despite the risk involved in putting all their family savings at stake.

That is how Lazpiur started to mechanise parts for the workshops in the area. Initially, his father continued in the nail workshop but the mechanical workshop soon became successful. As it was more profitable, they finally sold the nail making machinery and abandoned this activity. In this new context, the father, a man with economic training, focused on managing the company, supporting industrial activity in a subsidiary manner, while Miguel was gradually assuming the company’s leadership.

1960-2000 The consolidation of Lazpiur’s project: Innovation in process automation

In 1963, Miguel’s younger brother, Agustín, joined the company, where he was responsible for producing parts that the company supplied to local workshops. He had training in milling, as the company required these skills to perform their activities. Meanwhile, Miguel was doing his military service. Despite the geographical distance, he did not feel detached from the business. Quite the opposite, during this period Miguel designed a screw pointing machine and a blade feeder, which Agustín undertook to manufacturing.

During those years, faithful to its origins, Lazpiur maintained its original facilities and was located in Bergara’s town centre, in the same building that had housed the shoe factory in the past.

Picture 2. Aerial view of Bergara, showing the location of Lazpiur in 1960



Source: Lazpiur, S.L.

The first ten years saw very slow growth. However, the bustling industrial activity in the area and the boom in cooperative business increased production in the region, which gave rise to the development of local business activity. Lazpiur took an active part in this business development, which made it necessary to move its business to a new building in 1970. It was located in the *Barrio de la Virgen* in Murinondo, popularly known as San Blas, which takes its name for the chapel located in it. This would be its location until today.

The company was then faced with an increasing and varied demand for machines at that time of business vibrancy: machines to press apples and produce cider, machines for pressure cooker parts, to make fried doughnuts, among others. In this context, innovation was an integral part of Lazpiur's day-to-day work since the constant requests challenged the creative and operational capacity of Lazpiur brothers. Therefore, each order meant a challenge to the ability to mechanise a new solution, and each time Lazpiur brothers' ingenuity succeeded in overcoming the challenge.

In this way, in producing quality products, the company promoted an additional element: innovation in responding to customer needs, as a day-to-day practice, rather than as the hackneyed strategic slogan some years later. In Lazpiur, this innovation took shape in the company's first patent in 1964. Other 15 patents whose registration will be accelerated in the 21st century followed.

Chart 1. Lazpiur's patents

1964	Advancement in pointing or sharpening machines.
1975	Part feeding device for threading machines.
1990	Automatic head for inserting connection bridges in printed circuit boards.
1997	Advancement in the construction of heads to insert lugs, small panel terminals and similar.
2006	Automatic head for the insertion of lugs in printed circuit boards.
2006	Automatic cutting head, power supply and insertion of lugs in printed circuit boards.
2006	Key grooving machines
2006	Dimensional control equipment.
2006	Machine for special cable machining for cars.
2006	Insertion heads for pins of different lengths.
2009	Machine for forming and welding gas pipelines
2010	Dimensional control equipment.
2013	MDF board laser-cutting machine.
2013	MDF strap laser-cutting device.

Source: Lazpiur, S.L.

One of these orders meant a milestone in the company's history, as it gained entrance into the automobile industry. One customer, Mai, commissioned Lazpiur the production of some insertion machines for the automobile sector. This was followed by a much larger order to provide these machines to Ford American multinational to dedicate an entire plant to manufacturing circuits for the Ford Escort gear box.

Then, in the eighties, Lazpiur went into the area of forging tooling. Here it had a local customer, Patricio Echeverria company, which in turn supplied material to GKN multinational. Following GKN's purchasing of Patricio Echeverria forging company to expand its production in the Basque Country, the British multinational company started to work with Lazpiur. This was Lazpiur's first step on the road to internationalisation led by GKN. This relationship was further strengthened with a joint venture between both companies in 1998, although the Basque company left it a decade later.

Both relationships, with Ford and GKN, were key to Lazpiur's development. On the one hand, the former consolidated its entrance into the automobile business, which would provide the basis for the company's internationalisation process. On the other hand, the latter opened up a new business unit, the tooling industry, which met the own company's tooling needs and those of external customers. These factors, coupled with the company's quality, certified to ISO 9001 since 1994, were key to Lazpiur's success throughout the twentieth century.

A commitment to people and the region

This company is a mirror image of Lazpiur family. A family deeply rooted in their community, whose principles and values are inspired by this land: the value of one's word, commitment, good work and honesty. These values have existed since José and Pepe's times and have been perpetuated in the company thanks to the presence of a business family that has managed to sustain them over time.

Pepe, who was an economist, lived hard times during the Spanish civil war. However, he was always determined not to owe anything to anybody, and in turn, he also tried not to be owed anything by anyone. Furthermore, the family has been characterized by work, and in particular, good work done. These values are a hallmark in the company's history and the foundations of its business culture.

- *"Miguel always says that work is the positive value of peoples"* – Jone Lazpiur, financial manager at Lazpiur, says.

In addition to these values, there is also effort and perseverance, particularly when faced with difficulty.

- *"It is worth admiring Miguel and Agustín's capacity to cope with adversity. They have always been able to get ahead, even when they were afraid of starting their own car in a yet not distant past for terrorist threats"* – Jone Lazpiur, financial manager at Lazpiur says.

And finally, humility, being open-minded and not feeling the centre of the world, going out to see what there is elsewhere and learning from others. This humility also helps them to have a close relationship with their partners, a relationship in which the implicit managerial hierarchy is not evident in everyday life.

- *"The Lazpiur family has always had a very close relationship with me, as we have talked about and shared beyond what is strictly professional. In fact, what has differentiated Lazpiur and has made it become one hundred years old is the company's commitment to its workers and that of workers to the company and this mutual commitment is not achieved if workers do not see a commitment from the company"* – Josu Lete, controller at Lazpiur says.

All these values are summarised in the commitment that Lazpiur employers have had to their workers during all this time. Miguel Lazpiur has supported his workers in difficult times. At a time when they could have some kind of need, they were listened to and received support from the company. Training has also been one of this entrepreneur's priorities regarding both specific skills directly related to business activity, for example in the case of low-qualified workers, and training in transversal skills, such as teamwork and effective listening. A particular case was providing Lazpiur workers with in-company language courses in English, French and German. Furthermore, the company has recently established solutions for work and family reconciliation, adapting working hours and accepting staff working reduced hours at Lazpiur.

Lazpiur promotes local economic and training development in the region. More specifically, in 2000 the company promoted and supported, along with twenty-seven companies in the region, the project to purchase the Mechanical Workshop for Bergara's Vocational Training School. Some years later, in 2005, and linked to the same vocational training school, a number of political, social and business actors worked jointly and in a coordinated fashion in the Maiatz project: A number of companies promoting the project, the Regional Vice-Ministry for Vocational Training on behalf of the Basque Government Education Department, the School Management and the teachers. This project focuses on incorporating contents related to the cold stamping industry into the courses available at the centre.

In this regard, in 2012, the Berelan project (Association for the regional development of Bergara, Antzuola and Elgeta) was developed with a focus on four main areas: Industry in the Vocational Training School, Agroforestry, Commerce, Art and Culture. Lazpiur, for its obvious synergies, especially supports the work carried out in the first one. This training is complemented with Lazpiur's commitment to sport and regional projects. In the sports area, Lazpiur has sponsored the racing car driven by Aitor Zabaleta, multiple Basque Country and Spain winner of hillclimb race championships several times.

This company's commitment to its region stems from the personal commitment of its leaders. Indeed, Miguel Lazpiur went beyond the business sphere and became personally involved with entrepreneurs, when after being Vice-Chairman of Gipuzkoa's Entrepreneurs Association (ADEGI), he was appointed chairman of the Basque Business Confederation (CONFEBASK) to represent entrepreneurs in Basque industry.

All this background has been recognised with awards that this company has received and still receives.

- *"In 1989 I entered the world of quality. It all started when an important customer of Lazpiur required us to incorporate quality systems into the company. This is how we started with ISO 9000 quality standards and then we continued with 14001 and encouraged by it, in 2003 we started with the Silver Q and three years later we received the Golden one..."* – Miguel Lazpiur, manager at Lazpiur.

Chart 2. Awards and certificates

Since 1994	UNE-EN ISO 9001:2008
Since 2001	UNE- EN ISO14001:2004
Since 2005	OHSAS 18001:2007
2003	Silver Q
2006	Gold Q
2006	Amat Guarantee of Occupational Health and Safety
2006	San Prudencio Foundation Award
2008	17CMH- Provincial Council Award for the most innovative Paper
2012	Korta Award
2013	CMH-Award for the most innovative paper

Source: Lazpiur, S.L.

The 21st century at Lazpiur: The competitiveness of a recognised company

The turn of the new century was promising and saw a growing market and a business project consolidated around five large business units: serial machinery, special machinery, production, tooling and services. In 2000, the company purchased Zubikua boilermaking company and undertook the enlargement of the facilities for the third time in 2009. The company's good work in terms of quality from its inception and that is part of its DNA, has been recognised through several certificates including 2003; OHSAS 18001, since 2005; Gold Q in 2006; and the Amat Guarantee of Occupational Health and Safety in 2006.

However, the crisis in the first decade of the 21st century, together with a variable and complex economic situation, led to very specific consequences for Lazpiur, which saw its activity fall by 50% in 2008. This decrease in sales, together with a 30% fall in prices, entailed losses for the company.

In this context of widespread economic downturn, the message that entrepreneurs received was that they had to withstand the crisis. How? Basically, reducing costs and selling outside the country. However, despite the efforts made by many entrepreneurs, the situation in 2011 evidenced that the crisis remained and had a clear negative impact such as the fall of the domestic market and continued economic losses.

Faced with this situation, when internal tensions, the despair at the difficulty to obtain orders and the lack of support dominate an entrepreneur's spirit, companies in general and Lazpiur among them, are confronted with an obvious dilemma: downsizing staff to adjust production to market needs or closing down, suffocated by the company's financial situation. The answer to this question lay in the hands of the family: what would their stance be towards the new challenge for the company?

In 2011, after five years of considerable losses, the lack of motivation among middle managers, and the drawing up of the 2012 management plan, it was evident that the paradigm of resistance was not enough and more significant measures were required.

- *"I remember that in the late 2011, I was working on the management plan for the following year, 2012, and the paradigm was still clear: we had to resist as the turnover was still low. We did not have the capacity to achieve enough activity. It was true that we had a well-managed company, as we had in fact implemented total quality systems according to the EFQM European model, and the Basque Government has awarded us first the Silver Q and then the Gold Q. But it was not enough; the situation called for greater measures."*– Miguel Lazpiur, manager at Lazpiur explains.

A team of young people involved in managing Lazpiur addressed the need to motivate, reflect and move on. Therefore, once the team's commitment to changing the current dynamics was confirmed, the focus was placed on a new paradigm: renewal. This was embodied in a project with a singular name: Phoenix Project, as a simile of the mythological bird that rises from its ashes.

The aim of this project was to address a set of new actions, based on Lazpiur's traditional philosophy, that is, being aware that it is important to work on two fronts, on a day-to-day basis and looking to the future; understanding that the world is in constant change and the company must change accordingly; assuming that there is not a final process in the company, since they all can be improved; and accepting that this improvement relies on people's commitment and involvement, which is key in the company.

The project evaluates the profiles of people and the organisation to address a personal and professional plan for the people at Lazpiur. Therefore, the diagnosis made led to the development a number of training programmes in project management, interpersonal communication and conflict management, and a series of individual coaching sessions to provide people with professional guidance and support were also organised.

This project mainly sought to take a step forward in professional management, and was developed in line with other actions aimed at further developing business organisation and planning, enabling expanded commercial operations, improving Lazpiur's supply quality, and enhancing cost management policy, thus strengthening the permanent strategy of value creation through project management.

As a result of all these changes, the company gave rise to a change in the mindsets and attitudes of the company's members based on a greater and better knowledge of people and their potential. This allowed to make valid people become more actively involved, by aligning their interests with those of the organisation in such a way that it is no longer intuitive but rather it has become more professional.

According to their protagonists, this process has often been cumbersome at two levels: at the personal and organisational levels. At an individual level, it has given rise to the usual reluctance to and fear of change by those who are settled in the current situation, or those who do not understand the need for those changes. At an institutional level, it questions the organisational chart by highlighting the shortcomings, whether unknown or recognised, and the subsequent need for change. Competing in the market requires everybody's energy and having more satisfied people, which means change for everyone: for individuals and for the company. Despite the difficulties, the people involved focus on meeting customers' needs, taking care of the technical and economic control of projects and adopting the mindset of outsourcing in the company. As a result, business activity in 2012 remained low but the first results emerged and in 2013, and Lazpiur improved despite the scarce activity, and started to obtain positive results.

However, Lazpiur could not stop developing or be self-indulgent about its own progress. On the contrary, it had to continue addressing new projects related to organisational and people management, technology and R+D management, internationalisation, profitability and cost control, knowledge management in the company, reengineering and benchmarking, job security and the environment, learning and teaching and finally, to create a culture of continuous analysis and adaptation to market situations.

- *"As for the future, this uncertain future full of challenges, I also think that we should approach it based on our values that have always been present among us: Enthusiasm, commitment and love for work well done. These are our traditional values; simple but that have helped this country to go ahead. We have started a new process, as it happened before with quality, internationalisation, trade policy, the constant commitment to innovation, etc."*
- Miguel Lapiaur, manager at Lazpiur says.

Succession in Lazpiur family

Lazpiur has its origins in José Lazpiur Aguirrebalzategui, born in the town of Bergara in 1875. He was a smart, intellectual and enterprising man with some influence in the town. A great fan of watches and photography, José had strong nationalist beliefs. Although Lazpiur was a company closely linked to Bergara, Miguel Lazpiur proudly recalls their relationship with the nearby town of Aránzazu.

- *"My grandfather's second surname comes from Rodrigo Balzategi's farmhouse, to whom the Virgin of Aranzazu appeared"*- Miguel Lazpiur, manager at Lazpiur.

At that time, the municipality was dedicated to textiles and steel, and a large part of the town known as *Ruhr Bergarés* learned skills and were employed in these sectors. Businesses like *Tejidos Lasagabaster*, *Algodonera San Antonio* (later *Tavesa*)... were a benchmark in the municipality, together with *Unión Cerrajera* that was a metallurgical business. In fact, José's own wife, Cecilia Elcoro Caminaur, gave private sewing and pattern cutting lessons in a local flat before getting married. The couple's nine children were born out of this marriage: Nicolasa, Vicente, Nieves, Pepe, Matilde, Marcos, Carmen, Josefina and Andoni.

Picture 3. The Lazpiur women



Source: Lazpiur, S.L.

The eldest son, Vicente, studied secondary education. He was a very able man and with a vocation for mechanics. His training allowed him to do internships in several Basque companies. Some time later, Pepe studied Commerce in Lecaroz. Both brothers opened a Chevrolet car servicing at *Masterreka* street in Bergara. While Vicente took care of the technical part, Pepe kept the accounts but also worked as a mechanic.

In 1936 the war broke out and all the family's men, including the grandfather who was already over sixty, joined the "*gudaris*" (Basque soldiers) in Bilbao. However, women stayed with the children in Bergara, where the factory was seized.

- "*After the civil war the situation was such that the women from punished families could only go out with a soldier; otherwise, they could not go out*"- Miguel Lazpiur, manager at Lazpiur.

During these years, the factory's activity increased. In fact, there were three shifts each day throughout the civil war, but the company was not in the hands of the family. Some families in Bergara managed to keep the company in the hands of the family as they had children on both sides, but due to José Lazpiur's political beliefs and firm spirit, he had to face the consequences brought by that change in political scenario.

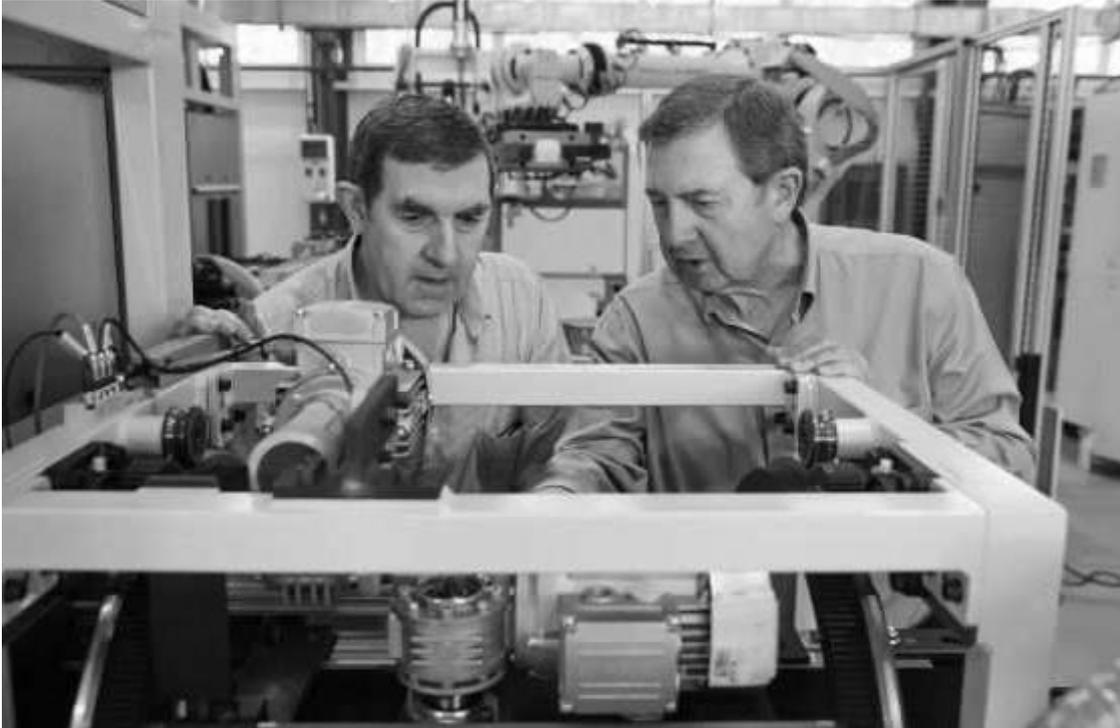
But those times also passed and after the war, Pepe returned to Bergara because his girlfriend Pascuala Lamairano had stayed behind there at the Agarregoikua farmhouse. They got married in 1941 and had two children: Miguel and Agustín. Five years after the end of the war, the family recovered a damaged factory due to poor use and activity downtime in previous years. However, the car service did not recover. Pepe had considered resuming the car servicing activity, but what he found when he returned home was an empty premise with the sign: "To rent".

Faced with this bleak picture, Vicente did not find the courage to resume business and decided to seek a paid job and started to work at Unión Cerrajera, where he became the manager of a car service department at this large business first in Bergara and then as a manager at the plants in Bergara and Mondragón. Like him, the rest of the brothers became detached from industrial activity and decided to seek a paid job.

In this situation, Pepe carried on the shoe factory and worked with his father, José Lazpiur, until he died in 1957. Pepe Lazpiur became a natural successor, since he worked with him in the business. He carried on activity in the factory but, as it was much deteriorated, the business went badly and finally closed down. However, this was not an obstacle to continue industrial activity, which led him to set up a nail factory.

Meanwhile, Miguel, who was a smart boy and quite a good student, completed his studies at the age of 15. He would have liked to further his studies doing a technical engineering degree but, as the family was in financial difficulties, he started to work to help them. He worked at a mechanics workshop and then in several businesses in Bergara and Mondragón. By 1960, he joined the family business. With an ability for theory and abstract thinking, Miguel focused on the design of business processes. Agustín, a hands-on man, more practically minded, with a great capacity for observation soon joined him. They had complementary profiles. Their relationship has been primarily based on understanding and respect. The inevitable discussions that arise in every relationship have always been channelled in productive directions while maintaining fraternal harmony.

Picture 4. Agustín and Miguel Lazpiur in their business



Source: Lazpiur, S.L.

Today, Miguel's only daughter, Jone, works at the company. After graduating in business, she did an internship at Sotheby's. After gaining professional experience, she first joined the Human Resources department at the company in 2002. Jone herself was aware that her work at this department was affected by the fact that she was a member of the owning family so shortly afterwards, following a worker's leave, she became manager of the company's financial department.

A determined, sensitive woman with great common sense, Jone has brought key changes in business competitiveness in the decade she has spent in the company. As the driving force and an active player in the Fenix project, she is firmly convinced that Lazpiur's competitiveness is based developing the competences of the team of people involved in Lazpiur's project. Furthermore, she has incorporated the efficiency criteria required today to Lazpiur's key quality indicators, without restricting Lazpiur's excellence. All this underpins a century-old project that has managed to overcome the crisis and face the future with renewed vigour.

In the middle of the first decade of 21st century, a family protocol was developed in order to clarify aspects regarding the succession of the family business. Today this is an open process is still being carefully considered by the family while the fifth generation, represented by four-year old Elene, plays carelessly in the shade of this old-century company.