



IRIZAR FORGE: the smallest achieve greatness with intuition, investment and innovation

This case study was elaborated by Cristina Iturrioz and Cristina Aragón for the Antonio Aranzábal Foundation and Deusto Business School. The authors would like to express their appreciation to the firm and particularly to Marisol Irizar and María and Ane Lasa for their participation in the project. The final version of this case study was approved in January 2016. Translation: Patricia O'Connor Sims, University of Deusto.

Irizar Forge is undeniably a Guipuzcoan family business: a flexible SME, fast in its decision-making; dynamic in the foundry industry and, above all, intelligent, as evidenced by their ability to adapt and survive over ninety years. In an industry where product innovation is complicated, this SME has managed...

"...to specialise in helping its customers, wherever they are, for any type of lifting" –
Maria Lasa Irizar- CEO.

María Lasa is the daughter, granddaughter and great-granddaughter of business leaders. This legacy definitely shapes people, and she shares this in a certain manner with her sister, Ane. Both sisters currently manage this highly internationalised SME that produces forged hooks for heavy lifting. However, the origins of this firm go back almost a century, when Francisco Irizar first founded the business in Lazkao (Guipuzcoa), in 1923. The firm originally made wagons. Similarly, another Irizar family in Ormaiztegi began to lay the foundations of the current-day Irizar with a cooperative that manufactures buses.

At the time, Lazkao was a rather small town located in the Goierri district, which was growing at a moderate rate. The Spanish Civil War severely damaged the economy in the region. However, from the 50s, industrial development led by SMEs like Irizar attracted a migratory flow that made it possible to develop the town in the following years.

The foundry industry was important in the area, both for the number of firms as well as the jobs it created. In spite of its small size, Lazkao was the home of three foundries.

"In Lazkao we have always have three foundries; the oldest was Albisu; in 1923 Irizar started up and finally in 1965, the current-day cooperative, Ulma, which had also originally been a family business" –recalls Marisol Irizar, Finance Manager and a member of the third generation of the family.

Marisol was born immediately after her grandfather and founder of the firm, Francisco Irizar, died. In those days, families were large and the family property was normally passed on to the eldest son to keep from splitting it up. Following this tradition of *"the business had to be run by one son"* in keeping with this unwritten rule, the firm was left in the hands of the only son Joaquín Irizar, Marisol's father.

The firm underwent considerable development and was constantly on the lookout for market opportunities related to their field as they strived to meet their customers' needs. In view of the situation at the time, Joaquín Irizar shifted from the manufacture of wagons to lorry bodies to gradually concentrate on the world of forging. In 1965, Irizar Forge began to manufacture its first hooks for lifting mechanisms and cranes, addressing the needs of several large client firms located in the area, such as the German Liebherr and the Guipizcoan Jaso. The size and proximity of the market enabled them to specialise in an extremely critical part: hooks. The firm was therefore able to develop its own product and specialise in its production and technical assistance.

So the family firm shifted from wagons to lorry bodies to forging and finally ended up as specialist forged hook manufacturers.

- *"My father was an expert in forging and developed the hook; he knew how to make the only part of the crane that is forged, which makes it a critical part and requires high quality and reliability that Irizar guaranteed to the customers requesting our services"* recalls Marisol Irizar with admiration. She was Financial Manager of the firm and a member of the third generation.

Illustration 1. Irizar Forge's final product, hooks



Source: Irizar Forge

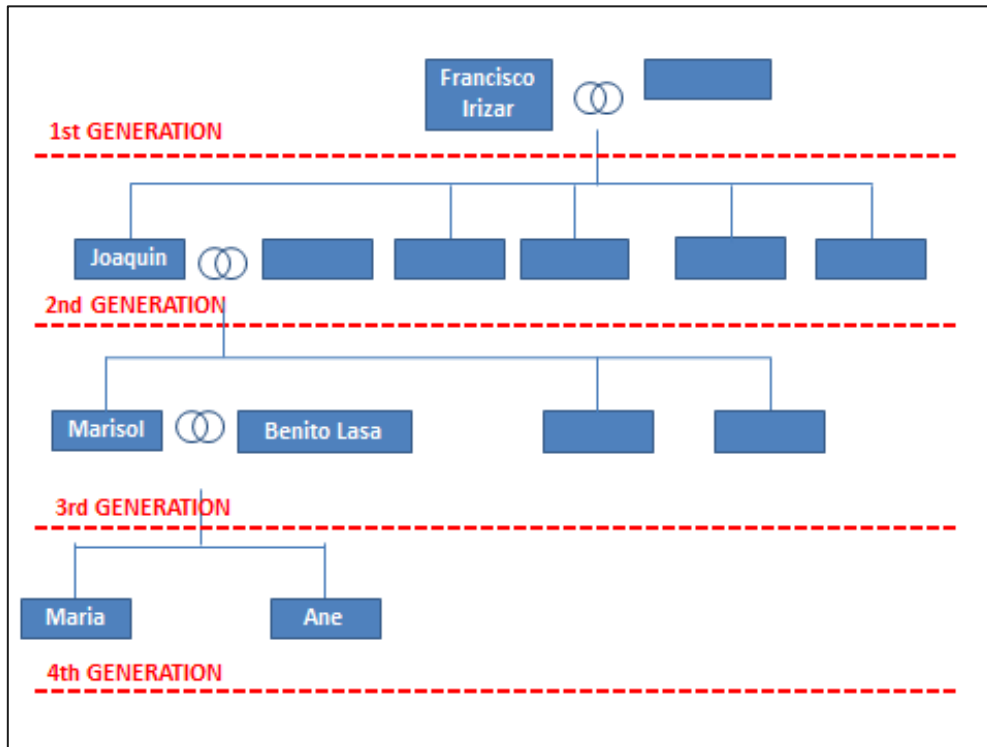
Marisol grew up seeing her father run the firm and her mother working in the management section. In the 80s, there were some 30 employees and the business had totally discontinued the manufacture of lorry bodies to concentrate on hooks for the lifting industry. Marisol's father passed on the tradition and his specialist knowledge to Marisol's husband, Benito. They worked alongside each other every day at the firm from 1977 to 1989, when Joaquín retired.

That was when the third generation of the family, the Lasa-Irizar family, took over the business. As a result, the firm, which had been founded as a sole trader, became a partnership, and was officially constituted as Forjas Irizar, SA, a limited company. Benito Lasa, extremely knowledgeable about hooks, the firm's leading product, was in charge of product diversification and expanded the hook-related product range. A broader vision of the business was adopted and they went on to manufacture not only hooks but to offer a complete package that covered all their clients' needs. This involved manufacturing other lifting-related parts that went with the crane hook or expanded the supply for equipment other than cranes such as pulleys, rigs or powerblocks.

As per the organisation, the firm carried on with the same division of tasks that had been used when the second generation ran it. Once again, as the third generation at Irizar, Marisol was in charge of management. When the third generation took over, some old workshops were demolished to make way for the current main industrial premises with the forge, hydraulic presses up to 3500 tons, gas furnaces and mechanical curvating machinery. This investment prompted the firm, which had only supplied the domestic market until that time, to export their specialist technology hooks equipped to lift up to 500 tons to the European market.

In this last period, two members of the fourth generation, María and Ane, took over the firm's leadership. They are loyal to the family values and see Irizar Forge as a global project, which is clearly reflected by the firm's name. The firm is known as a specialist in moving heavy bulky loads in various industries: nuclear, building or marine. Their business vision has led them to set out a strategic project supported by distinctive cross-cutting abilities that give them the flexibility to adapt to today's changing markets, products and industries in a globalised environment.

Illustration 2. The family that has led Irizar Forge



Source: Own study from information provided by Irizar Forge.

Internationalisation, central to Irizar Forge's development

Irizar Forge took its first steps towards internationalisation from 1989 to 1995.

- *"It was the third generation that made the move to foreign markets",* explained María Lasa Irizar- CEO

Soon after she joined the firm, Marisol took cautious but firm steps to set up the new management procedures needed to sell on foreign markets. The first letters of credit were carefully drafted. In her own words, they were....

- *"...simple and carefully worded, we were very cautious, we have always taken great care and have never had problems with banks"* -recalled Marisol Irizar, Finance Manager, third generation of the Irizar family.

Those were intense years of dynamic activity. The new larger facilities were more complete and technologically advanced, making it possible to increase production and meet the complex demands from foreign markets. Among the countries the firm exported to were Turkey and Finland in Europe, and South America. In 1996, the firm entered the Asian market with the first orders from Japan.

- *“At the end of the 80s, we started discussing the possibility but a big investment was needed to get the plant up to the European level”.* - recalls Marisol Irizar, Finance Manager, third generation.

Those first steps in exports were daring. More than planned actions, they focused on meeting demands that came up in other countries. It was the right decision for the first years of internationalisation, and going abroad was difficult but that didn't stop them.

- *“It's still very difficult, I think even more so than when we began. Our clients are big firms, with very specific needs and we have to give them increasingly more complete service, with the same reliability as ever. The parts we sold and the solutions we offer today are critical to our clients' businesses* - pointed out Marisol Irizar, Finance Manager, third generation.

Once the investments had been made and they had *sufficient guarantees to meet the needs of the demanding European market*, the crane components manufactured by Irizar Forge were finally sold in Europe in the 90s.

In view of the scope this business was reaching, the third generation decided to hire a non-family member to help them with the process in a more programmed manner. In 1995, the firm hired an export manager.

Irizar now has sales offices in twenty countries on the five continents and sells its products in over sixty countries. Most of Irizar Forge's turnover comes from international sales. In recent years, exports have accounted for 80 to 90% of the company's turnover. It is currently 88% of the total. If Irizar's export partners in Spain are taken into account, the management team estimates that almost all of its products are sold abroad. This success on the international scene can be partially explained by the fact that the firm allots 1.5% of its turnover to sales-related activities.

In spite of this international development and its reputation as a global SME, Irizar Forge is committed to continuing production at the Lazkao plant, which is located some 70 kilometres from the French border. A large number of firms in the area manufacture heavy lifting machinery such as cranes. Thanks to highly engaged companies and families such as Irizar, the long industrial tradition is alive and well in the town of Goierry in Guipuzcoa.

The family's keys to success: culture and inter-generational transfer

Marisol Irizar encouraged the elaboration of a family protocol in the transfer from the third to the fourth generation. It was the first time that the company was not being passed on to a sole sibling and she wanted the process to be clear and carried out with the greatest possible amount of dialogue.

- *"I was the one boosting the protocol in our succession. I feel that that the process itself is important, the meetings should be productive and I wanted everything to go well... for the process to contribute something to us. I didn't want to leave any loose ends. It all seemed natural. And now I see that stage has been completed."* – Marisol Irizar, Finance Manager, third generation.

María Lasa affirms that the last generational replacement, which took place within the family group in 2014- was a carefully planned process.

- *"These are delicate moments. It is a process that requires time and has to be done properly"*- Maria Lasa Irizar –CEO.

The current CEO of Irizar Forge studied Business Administration at ESTE. She did not choose the degree lightly; it was not even an option, but just the most obvious thing to do: from the start, everyone, including herself, was sure that she would study Business. In this aspect, the CEO feels a bit like a "textbook case". In spite of having such a clear career path, she feels that she studied the degree she wanted to. The process just seemed natural to her, as demonstrated by the following: the day after she returned from her Erasmus stay abroad, St. John's Day in 2001, she started working at the company with her father.

In fact, he had been waiting with a list of affairs pending, which he had left for her to do when she joined the firm. These were matters such as how to implement ABC cost analysis, obtain quality certification... So the new graduate went off with "her notes" and tried to solve the problems her father had assigned her and thus do her bit for the family firm. The result of her work was the firm's ISO certification for quality, the environment and safety. During this process, María made contact with people in the workshop and gained first-hand knowledge about the plant's work.

She took over tasks at the company gradually and spent time in different departments. In 2003, the head of international sales at the time asked if she would like to accompany him to a fair in Romania. The experience, and others of a similar nature, enabled her to discover the scope where she could deploy all her negotiation skills and obtain contracts for the firm. She became so involved in this activity that in 2006 she took over the department, where she remained until she became CEO in 2014.

She learned more about the company from the international view, making contact with key clients, taking part in negotiation of the most important contracts, observing market tendencies.... During this time, the woman who is Irizar's current CEO quadrupled the number of clients and diversified the portfolio and customer risk while concentrating half of the turnover in two companies and leaving only 40% in 20 firms (with the remaining amount being even more atomised).

The experience María gained during this period gave her a deep comprehensive view of the market. And when the time arrived, she was prepared to lead the business.

- *"I'm not a typical manager at this company: young, a woman, with more of a market than product approach; not like the previous managers who were older men with a career in industry". – Maria Lasa Irizar -CEO.*

In 2013, her father decided to leave his management position in the firm and it was María who took it over. In a parallel process, her sister Ane took on her mother's previous position of Finance Manager, while also covering administrative and financial matters as well as the Human Resources and ICT Development departments. Thus, the generational replacement was completed.

- *"My sister Ane studied Technical Engineering and realised she didn't like it so she developed her musical side. After devoting several years to music, and finding that she couldn't make a living, it was the natural thing for her to join the company. And there she has found her "txoko" (place) at the firm. Her life experiences are very rich and give the business a creative aspect. In addition to being the Financial Manager, she is also the Community Manager and answers tweets, posts videos,..." Maria Lasa Irizar –CEO.*

Illustration 3. The third and fourth generations of the Lasa-Irizar family



Source: Irizar Forge

The succession was more than merely handing over the portfolio to the next generation. It was an opportunity to make sure the needs were clearly defined for the future and that the profiles were a good fit. In this respect, in 2015 internationalisation and diversification of product lines required complex contracts and guarantees that made it advisable to have legal advice so the management team needed the assistance of a new specialist in legal-economic matters.

- *“Two daughters with very different profiles are key players in this succession. One with a background in Business from ESTE, María has a very dynamic profile. Ane, with a background in Engineering but a vocation for music, a pianist, is more relaxed. Ane is gradually joining in, getting a feel for the business. “At our house, we are always keeping an eye on the company, all the time”. The previous generation is to be commended for their dedication... and now the new one is focusing on stronger outreach, with a great deal of self-confidence and courage. The third generation also had a lot of self-confidence, but terms for bank loans in my generation were very different from today’s...” – Marisol Irizar, Finance Manager, third generation.*

The team at this firm highly values the fact that it is family-run.

- *“I was at a multinational in a position similar to the one I have at Irizar Forge but it is entirely different. The approachability of my superiors makes decision-making so much easier and boosts personal initiative. If you present a reasoned idea, they listen. And the paperwork is so much simpler. Here you can go upstairs and resolve issues practically face to face. This is not only good for staff, but also for the firm itself because it makes it more agile. I don’t do all that I would like to, but I know that they trust me and give me space. And seeing the final outcome of your work gives you a tremendous sense of dedication.” – Xabier Dorronsoro, Production Manager*

Crisis and growth: two sides of the same coin

This intergenerational replacement took place in very special circumstances. María came with an international profile and was accompanied by her father at first, with his image as a tough, demanding executive with a strong personality. This gave people a rather negative view of her at first which became more noticeable as the time for succession drew near. Some of the staff were afraid of the process and the reaction resulted in a severe labour dispute that was mostly caused by two or three people.

With this situation, the firm went into an internal crisis and a labour dispute broke out: It wore Benito down, María's role was being questioned and the overall situation was extremely delicate.

- *"That strike and its circumstances were like a Master's degree for me."* - Maria Lasa Irizar - CEO.

As María looks back on those days, she realises that it taught her a lesson. Following her success in sales, she could have easily believed she was a "superwoman". That strike helped her to understand that the firm was not only her but the entire organisation. As a result of this experience, a change began which was based on shifting from the employer-worker relationship. It had been marked by reciprocal distrust until that time, so this change meant a new stage. Ane's presence was key during this organisational change. Her calm personality and willingness to dialogue, which was so different from her older sister's, who was used to tough negotiation, was important in recovering harmony at the firm.

This crisis actually helped to strengthen a management style in which María is the boss outside while Ane runs the business inside the firm itself. The division of roles is directly related to their personal profiles: the older sister is more of a leader, hardened by tough negotiations and therefore, has a more ironic, direct manner of expressing herself. The younger sister is calmer, more approachable and has a greater capacity for quietly negotiating without causing any tension, keeping a low profile. The two personality types are recognised, respected and complement each other. They both have found their place and duties in the business and contribute differential value.

After the strike, Benito noticed that the dispute had affected him and saw a clear opportunity for succession. In his own words:

- *"This has taken its toll, and the time has come"*- Benito Lasa, General Director, third generation.

In this manner, he and his team, who had evolved with him in the firm, left their positions for the new generation to take over. That was how the production and quality managers left their positions vacant. The new manager joined the firm at the end of 2010 and had the support of Benito's experience and knowledge gained from forging metal for decades.

- *"I have always been able to count on him and he has helped me. He has shared his knowledge and experience. He has devoted his life to this; it is his passion and you can tell. He lives the foundry industry, the machinery... the technical side of the business."* – Xabier Dorronsoro, Production Manager.

As María took over as CEO, the position of sales manager was also left vacant. Three people were hired to cover these positions. Together with María and Ane, they currently form the Irizar Forge Management Committee of and play an active role in the firm's strategic decision-making.

- “I don’t want to lead the firm alone from my office. I’m actually not in my office much; I am usually in other offices around the firm. Besides our responsibility we are also second in charge of another management area. For instance, I am in sales. This was what our international clients requested”. Maria Lasa Irizar -CEO.

However, this was not the only change at the firm. Forming this committee meant beginning a new period of transparency in the business. Due to the socio-economic and political situation 25 years ago, it was quite common for the person in accounting not to have information on the company's turnover, and certainly not profits or profit margins. Presenting the monthly profit statements at the management committee meetings was a milestone for the firm. The CEO explained it as follows:

- *“If they are to make responsible decisions, they have to know if we are earning or losing money”* Maria Lasa Irizar -CEO.

The top management team meets every month or two to evaluate the progress of the annual plan, know if its objectives are being fulfilled and analyse temporary deviations to identify the causes and take timely corrective measures. Thus, the team formed by the CEO, the International Manager, the Quality Manager, the Financial and Human Resources Manager and Production Manager act in a coordinated fashion and assume accountability for the strategic plan developed by the Board of Administration.

A business plan for a new company model

The internal crisis occurred parallel to a change in the business model.

In effect, in the 80s and 90s the business was led 90% by intuition with the remaining amount filled in by information. It was when María joined the firm in 2001 that they began to buy information and conduct market research. Today’s rapidly changing world means that the strategic monitoring system of this small business is concentrated in its management team. In direct contact with the market, they include this information that is constantly being gathered from clients and competitors. Irizar Forge’s business model has changed drastically:

- *“We have shifted from having a product and searching for clients to having clients and searching for the products and services they need. Customers’ queries were not so vital in the past, but now we are more engaged with them and they have become a part of the supply chain. This would not have been possible without a high value product like the one we supply.” – María Lasa, CEO.*

Eleven years of direct contact with clients enabled María to identify a need that had not been met. The business had been renovated during the change from the second to the third generation and this higher production capacity prompted them to develop products that were adapted to their plant so they did not consider manufacturing goods that were not a good fit for them. As María began to examine their product at that time, she found that big hooks for big cranes were smelted and not forged. The reason was that they did not venture to make forged hooks, and because the smelting quality was poor, the hooks had to be big.

The market segment could be interesting but they needed more information. They were fortunate to find knowledgeable people from the industry who answered their queries honestly. Thus, after collecting a minimum amount of information about some key variables such as profit margins, prices....., María felt that this very specific market segment could be a feasible business for forged hooks.

Guided by her intuition, the CEO began to collect information in a more systematic manner and obtain sales predictions to enable them to move forward in their bid for this market segment. However, when potential clients, which were big international groups, were approached with the offer of a forged hook, they asked for guarantees that it would be a better product than the one they were buying at that time.

Irizar developed innovation projects with technology centres to be able to answer these questions that were a source of concern to their potential clients and to go forward with their business plan. Laboratories which had no connection to the firm had to analyse both types of hooks, smelted and forged. After a series of tests, they demonstrated that forged hooks were, first of all, stronger, which meant they had a longer life; and secondly, smaller, which made them lighter and easier to handle than smelted hooks. So María's intuition had been scientifically proven!

While continuing with the hook manufacturing process that Irizar Forge had used for many years, the product and machinery would have to be made larger. The machine operators had the necessary training. The steps needed in each stage of the process were also specified by the head of production, backed by Benito's experience. This valuable knowledge prevented the firm from committing errors that had arisen in the past.

Illustration 4. Manufacture of forged hooks



Source: Own study from information provided by Irizar Forge.

That was how Irizar Forge not only strengthened their position in the hook manufacturing industry, where there are not many competitors worldwide (three specialist firms in Europe, one in Asia and one in the United States), but also created a new market niche for large forged hooks. The number of competitors for 10,000-ton cranes was even smaller. Therefore, although it was a small market segment, the project seemed feasible. Until that time, nobody had paid attention to that market, which was not of interest to big firms. And it became Irizar Forge's flagship product.

- "... and we went all out. *I wanted to succeed, be the first one and enjoy that position in spite of our small size. That's the good thing about small firms: we can make decisions quickly*" -Maria Lasa Irizar -CEO.

The firm already had the technical know-how and long experience on the market so we just had to adapt it to stand up to hostile environments like the maritime industry. However, there was a new obstacle that was going to make it difficult to get the project underway: an investment was needed to penetrate the new market... and it was no less than 15 million euros!

Once again, the difficulty was going to be overcome. Thanks to the firm's good reputation with banks and four-million-euro special collateral from the Basque Government, they were able to fulfil the investment plan that the Business Plan called for. These investments made it possible to guarantee the firm's efficiency and growth. In other words manufacture of the traditional products was more cost-efficient and they were able to begin manufacture of a new product (large forged hooks).

Illustration 5. View of the shop floor at Irizar Forge



Source: Irizar Forge

The key to strategic decisions: intuition, investment and innovation.

There are currently two sales areas at Irizar Forge: the standard line, which consists of products ordered on a regular basis, and the "made to order" that involves big risks. There are five project managers in this area and they work with three risk levels. Few players take part in these projects and they create enormous prestige for this pioneering firm. Irizar Forge has to manage its risks, both commercial and financial (turnover milestones, collateral,...) However, the market has not been conquered. This firm, which has been called a *hidden champion*, keeps a close watch on markets and remains flexible as per decision-making.

- *“There’s always been intuition and also ambition to improve and surpass our achievements as a business project, with a clear commitment to reinvesting in the firm, although all this must done very carefully to avoid mistakes”.* - Marisol Irizar, Finance Manager, third generation.

Marisol's remarks clearly reflect a business philosophy and culture, which led the family to make strategic decisions based on enough intuition, speed and flexibility to take new paths that have led to key changes in the firm's history.

- *“Our production is not labour-intensive”* -admits María *“although it is investment-intensive”.*

Irizar Forge’s balance sheet is typical of a medium sized firm although they have under 50 employees, which technically puts it in the small firm category.

- *“Although we don’t need that much labour in our industry, people are an essential part of the business”*- Marisol Irizar, Finance Manager, third generation.

Irizar Forge now manufactures large parts, which meant a huge investment for the family, and was prompted by the healthy ambition to be the first and best in what they do, without having to depend on subcontracting to other foundries to meet these orders. The parts that Irizar Forge delivers directly to their clients involve a great responsibility. Therefore, the firm carefully controls the entire manufacturing process without depending on others who cannot guarantee the same commitment or quality. Investment in new presses around 2010 enabled them to assume the manufacture of large parts and this prompted development of new capacities, allowing them to enter new business areas other than lifting. Once again, it was intuition and investment.

- *“When I joined the workshop as head of production in 2010, the old facilities were still operating, but in 2011, the decision was made to invest in the manufacture of large forged parts. This investment doubled the size of the plant, and called for more land and premises, in addition to renovating the old ones. The stages were: construction of the new building, move the auxiliary processes to the new building, pull down the old one, assemble the machinery.... and all this without stopping production!* – Xabier Dorronsoro, Production Manager.

Higher productivity led to higher production, and therefore the need for more people in departments such as quality, dispatch or assembly, where there are currently 13 staff. If we add the 10 workers in production, that is 23 directly employed workers. These organisational changes have made it possible to address the new business project adequately.

The evolution of this business has been based on the family's commitment to making large investments to take on new challenges. In this manner, the firm has managed to take advantage of the opportunities that the family has identified in the industry. Therefore, reinvestment and a solid financial situation have been key factors in this firm's development.

The financial situation is and has been solid, thanks to the family's policy of austerity and continued reinvestment in the business.

- *"All the profits have gone back into the business. This business is our bank. We don't need that much to live and although we are lacking for nothing, it is a mindset, a culture... centred on the business. To the point that the management was very centred on ensuring the business would survive."* - Marisol Irizar, Finance Manager, third generation.

This policy has enabled the successive generations to access a broader market and become a key player in the manufacture of hooks as an essential part for lifting and mooring. The following generation, Marisol and her husband Joaquin, followed the growing demand and strengthened the hook as a product while diversifying it for new uses and markets. They ensured the firm's prestige by achieving an excellent product.

The business is still operating successfully because there have been important technological improvements in Irizar Forge's products and solutions with each generational replacement. This Basque firm is now focused on making its third major technology leap in its 90 years of operation. With bigger better facilities and resources devoted to research, they will supply larger hooks for heavier lifting. The company's assets have tripled in the second decade of the twenty first century, increasing from ten million euros in 2010 to 30 million at the present time.

This combination of intuition, investment and innovation is still prompting this family business to explore new strategic areas. At these difficult times for many industries and firms, together with the discouraged climate of society in general, the fourth generation at this firm has, once again, found reasons to expand. 13 million euros have been allotted to the present plan. One of its main objectives is to triple the lifting capacity of the hooks they manufacture. To date, they were prepared to lift up to 1,500 tons, but now the focus is on a hook that can lift over 4,500. Nearly 80% of this investment will be spent on the new machinery they plan to purchase. The rest has been earmarked to expand their facilities in the Basque Country, increasing the plant's floor space from 5,000 square metres to 8,000.

In addition to the investment, the management team is also committed to *"planned and continuous"* innovation, which not only refers to technology but to the business and its processes. This will enable the firm to position itself as an expert in lifting on land, air and sea, with international certification to verify their quality and qualify them to work on markets such as France, Germany, Scandinavia, the United States and the Commonwealth.

- *"We aim to be the first"* stated María Lasa Irizar at the 2015 Competitiveness Report presentation by Orkestra at the Kursaal Congress Centre.

This business aims to be the first to seize market opportunities and design and forge hooks and other parts for advanced cranes, looking to satisfy the needs of the different sectors that may need their services. For this reason, Irizar Forge is involved in several research projects. They have received financial backing from the Centre for Development of Industrial Technology (CDTI) for some of these projects.

- *"We worked previously with an internal R&D system so this structure has given us comprehensive support to carry out large scale research"*, explained Maria Lasa Irizar - CEO.

One of the most outstanding studies was implemented by the firm in 2012. It aimed to find new materials to include in their products to increase the lifting capacity. From 2008 to 2012, Irizar had an intense innovation agenda, earmarking 2.7% of their turnover to 5 projects, which have led to a new production process and better product. The work done in that five year period materialised as a 15 million euro investment, which consolidated the firm's financial situation.

Create the future today

In family firms, it is obvious that the present is the result of a succession of previous events. Risks are not only assumed by the firm but also by the family of business leaders. Several reasons enable a firm like Irizar Forge to reach the third generation although surprisingly, success is never guaranteed. It doesn't take just one condition to succeed; several are necessary.

- *"There are no guarantees for success in family-run firms. Regardless of how hard you work, success is never guaranteed. However, there is no excuse not to try. Nothing can be done without a professional approach. But that's not a guarantee, it just makes it easier to succeed"* – Maria Lasa Irizar -CEO.

An attractive, successful, financially sound project with a future is a key to making succession work. The process is people-centred, which is undeniably essential, but often little is said about the business project, which helps enormously to make the family succession work.

- *“The responsibility assumed by the family increases with each new generation that comes into the firm. There is a lot of history behind you and you don’t want to be the one that breaks the chain”.* Maria Lasa Irizar -CEO.

Everything is different now, during the first part of the twenty first century. Business management is more important than manufacture itself; good management calls for strategic management that watches financial management very closely. A new business model is necessary and strategic management plays a key role in it This firm has grown from a workshop mainly run by machine operators, where administration was kept to a minimum, to employ 44 people at the present, half of whom are in the plant and the rest in the offices. There are now 12 engineers on the staff. This proportion indicates the importance of the firm’s strategic management and the commitment to a new business model. The foundry industry, which has been a male preserve, has given rise to a firm where success does not depend on gender.... or does it?

Illustration 6. Irizar Forge management team



Source: Own study from information provided by Irizar Forge