

HUNGARY

Implementing local development strategies

LEADER funding in two subsequent projects helped a small metal ware producing company grow in size and capacity and to take advantage of new market opportunities and thus provide jobs and generate income for the local economy.

Summary

The Tóth - Metal Ware Producer Limited Partnership, is a family-owned small business. In order to meet the increased demand the company needed support in order to increase its production, design and develop new products, broaden its high quality product range and as a consequence create job opportunities in the region.



In 2009 the company needed to replace its CNC machine which was old and of limited capacity. By applying for LEADER Measure 413 support the company was able to purchase of the needed machines. Later on in 2013 the company purchase purchasing more machines, again using LEADER support, and took the opportunity to become a supplier to a major German company.

Location

Sirok

Programming period

2007 - 2013

Axis / Priority

Axis 4 – LEADER

Measure

M413 – Quality of life / diversification

Funding (EUR)*

Total budget 156 301

RDP 101 594

* Both projects

Project duration

2010 – 2013

Project promoter

Tóth - Metal Ware Producer
Limited Partnership

Contact

Katalin Tóthné Juhász

info@tothmetal.hu,
tothnejuhaszkata@freemail.hu

<http://www.tothmetal.hu/>

tel. 003620 47804441

Website

<http://www.tothmetal.hu/>

Results

Both investments were financed under the LEADER Measure 413 and allowed the beneficiary company to react on the market demand in the right time.

One of the most important results is job creation as the company increased the number of employees in 6 years from 2 to 18. Among the workers are highly experienced professionals as well as semi-skilled workers who are mainly from the neighbouring disadvantaged villages.

The company grew its sales and revenue, it broadened its product range and market share, and it also entered the international market with sales in Germany and Sweden.

Lessons & Recommendations

LEADER support and its flexibility were vital for the company's development. It allowed the company to invest in right time in a tailor-made way thus evolving from a small family business into an international company.

During the application phase close cooperation with the LAG is also a key success factor as it helped in the administrative tasks related to the application and monitoring process. Due to the type and rapidity of the investment the company's development was smooth and fast.

Context

The Tóth - Metal Ware Producer Limited Partnership, located in Sirok, a village in Heves County is a second-generation, family-owned small business. Initially the main profile was production of fasteners, bolts, screws, fittings and metal ware. Today the old workshop of 50 m² has replaced by a 1000 m² of modern, air-conditioned plant. The main profile is the production of precision machined parts, which are manufactured by traditional machines and 14 modern CNC lathes in two or three shifts.

Their main products are automobile components, machine components, military industrial parts, shafts, bushings, fittings, drop forging tools, auxiliary engine parts, custom-made roller chains and specific filling and surfacing welds.

Objectives

Since the company began to grow dynamically purchase of new machines and introduction of innovation was needed. The main objective of the company was to meet the increasing demand. The objectives of the first investment in 2009 aimed to increase the company's production capacity, design and develop new products, broaden its range of high quality products and be competitive on market prices as well as preserve and create job opportunities in the region. The second investment in 2013 aimed to increase the production capacity as to keep up with the demand from the client Seissenschmidt Automotive Group, therefore keeping the automobile tool processing sector on the national market and strengthen the local and national economy.

The objectives and goals of the beneficiary company fit in the Local Development Strategy of the Észak Hevesi 33 Rural Development Association. The LAG's priorities include the innovative development, the preservation and creation of job opportunities, the employment of skilled or disadvantaged labour in the region in a family and employee friendly environment.

Activities

In 2009 the company became the supplier of the Firth Rixson Hungary Ltd. which is dealing with die forging. The CNC machine park of the company was old and of limited capacity. So as it was not capable to provide the production, it became necessary to purchase new CNC machines. That year the Tóth – Metal Ware Producer Company applied for support to the Észak Hevesi 33 LAG which had a call for applications under LEADER Measure 413 about job creation and modernization of small

enterprises. Thanks to the support received the company was able to purchase of the needed machines.

In 2013 the HBS Seissenschmidt Ltd. had a shortage in tools due to the slow shipments from Germany. By purchasing more machines, again using LEADER support, the Tóth – Metal Company took the opportunity to become a supplier to the German company. Thanks to the tool production activity highly qualified young professionals could be employed therefore in addition to preserving jobs, new positions were created and the beneficiary company could increase not only its national but the foreign market share as well.



Main Results

Thanks to LEADER Measure 413 support, the beneficiary company could react on the market demand in the right time.

One of the most important results is job creation. The company could increase the number of employees in 6 years from 2 to 18. Among the workers we can find highly experienced professionals as well as semi-skilled workers who are mainly from the neighbourhood disadvantaged villages.

The company also grew its sales and revenue, broadened its product range thus their market share and managed to enter the international market (Germany and Sweden).

Key Lessons

The company couldn't have grown without the support provided by the LEADER programme and its flexibility. They could invest in right time in a tailor-made way thus evolving from a small family business into an international company.

During the application process it was very important to work in close cooperation with the LAG. The LAG provided support on the administrative tasks related to the application and monitoring process. Finally, due to the type and rapidity of the investment the company's development was smooth and fast.