



Intergenerational Succession in SMEs Transition
INSIST

CASE STUDY

PLANTEX Case

Final version

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PLANTEX - The name of the company and names of the protagonists have been changed at their request

1. Basic data

1.1. Brief history of the firm

Plantex Horticulture Farm has been on the market since 1981, and since its beginning it has been dealing with innovative plant propagation. Advanced technology combined with good horticulture practice allow the company to offer the highest quality product – young, vegetatively propagated, healthy plants for further cultivation in nurseries and on plantations.

At the beginning the Founder worked and made experiments in his own cellar, in 1986 started employing other people. In 1990 when market economy was introduced in Poland the company started developing more dynamically.

The milestones in the development were:

1. in 1997 - construction of modern laboratory enabling sterile propagation, equipped in technologically advanced air filters and other high-tech equipment
2. in 2003 – purchase of 3,5 ha land near the City, in Village
3. since October 2008 – implementation of **GLOBALGAP®**, a certified programme of quality assurance - this is an overall system of good agricultural practices aiming to protect the customer and environment.

1.2. Main activities

Since 1986 the company has been micro propagating the heather family plants: rhododendrons, azaleas, kalmias and different blueberry species and varieties. Moreover, they propagate: actinidias, birches, blackberries, blue, strawberry-raspberries, tayberries - altogether over 200 different cultivars. They offer solely very young plants for further cultivation in nurseries and on plantations, which grow in plug trays and P9 pots (only licensed and protected cultivars). They sell seedlings, offered in bulk buying, in the following sizes and quantities:



- in Styrofoam M-90 plugtray – size: 31 cm x 53 cm x 4.5 cm – 90 plants from cultivar in each – plant height 4-8 cm – many cultivars already nicely branched (blueberry branched at its base),
- in Styrofoam M-60 plugtray – size: 31 cm x 52 cm x 7 cm – 60 plants from cultivar in each

At present the farm employs 81 people on regular, full-time basis, sells around 4 mln cultivars per year and own 1,5 ha in City outskirts and 3,5 ha in Village. City plant hosts administration buildings (150 sq m), laboratory (300 sq m) warehouses and 1 500 sq m of glasshouses. Village premises contain 1200 sq production hall and 7500 sq meters of land under foil

1.3. Ownership structure

The company has been operating on a 'sole trader' basis, but is now in a phase of being transformed into a partnership. Due to the principle of joint property of spouses, the owner's wife co-owns Plantex farm.

1.4. Main characteristics of its market position (B2B, B2C, local, national, international competitors, etc.)

Plantex operates as B2B and B2C company. It operates on a narrow market and has 11 competitive companies in Poland, but is the only one that uses specific innovative method of propagation invented and patented by the founder/owner, Antoni K.

Plantex operates on domestic market, but also internationally: mainly in Europe, but also exports to Korea, Australia, Russia, Turkey, Tunisia and a to few other African countries. Altogether they have clients in over 20 countries.



1.5. Employment structure

Company employees	Sex	Family relations	Formally employed full-time	Education	Skills /responsibilities	
Family founders who plan to retire:						
Antoni K. (b.1955)	male	Sole owner and Director	Since 1981	Degree in gardening	Founder, owner father-figure, innovator, inventor of the specific patented method of plant propagation, does most negotiations with partners, responsible for R&D and top managerial and strategic decisions	Antoni and Marta have already started the process of gradual transfer of the family firm to their middle daughter Joanna and her husband Jan
Marta K. (b.1956)	female	Owner's wife	Since 1990	Degree in linguistics	Human resources, recruitment, translations	
Sylwia Z. (b.1979)	female	Oldest daughter	2005-2008	Studied management	Co- manager, overall supervision, studied the know-how of planting from father through "learning by doing" Logistics and administration, technical supervision	In 2008 Ewa and Tomasz started their own family firm, complement-tary to parents' family business
Sylwia's husband, Alex Z.	male	Son-in law	2005-2008			
Successors:						
Joanna M. (b.1983)	female	Middle daughter	Since 2011	Degree in landscape architecture	Successor, co-manager, helps father with R&D, participates in business negotiations, studies from father and mother the know-how of running the family business	Joanna M. and her husband Jan are being prepared for the succession of the family business and have already taken steps to adapt the company to their way
Joanna's	male	Son-in law	Since 2011	Degree in	Successor, production	

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husband Jan M. (b. 1979)				environmental protection	logistics, administration, technical supervision, transport	of living
Magda G. (b.1985)	female	Youngest daughter	2008-2011	Specialist in Human Resource Management	Co- manager, overall supervision, studied the know-how of planting from father through “learning by doing”	In 2011 Magda and Karol started their own family firm, compleme-ntary to parents’ family business
Magda’s husband Karol G.	male	Son-in law	2008-2011		Logistics and administration, technical supervision	
Twenty specialists (20) Age 25- 60 The core of plant production	Male/ female	No family connection	Yes	Studied at Universities of Agriculture, specialize in specific kinds of plants and their propagation	<ul style="list-style-type: none"> ▪ One employee has been with the company for 30 years ▪ Another – responsible for production, for 15 years ▪ Specialist in plant acclimatization, the head of the laboratory, for 5 years 	There are about 6-7 key people who are very responsible and the family fully trust them – kind of ‘business family’
Ten office employees	Male/ female	No family connection	Yes			
Fifty one manual employees	Male/ female	No family connection	Yes			
Seasonal employees	Male/ female	No family connection	Part-time			

Interviewee – Joanna M. (the successor) told me the story from her point of view, after having talked with her father Antoni K. and mother, Marta K. (company founders)

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2. Succession process

2.1. Rules of Entry and Exit

Small family business was set up as a “sole-trader” in the times of command economy in Poland, when it was very difficult for a private enterprise to survive on the fully regulated market of mainly state-owned companies. Due to his passion for planting, entrepreneurial skills, help from the spouse and the fact that plant propagation was politically and ideologically neutral, Antoni K. was able to gradually develop his home business into a small company. In 1990-ties the company started developing fast, however the owner was more interested in new planting methods, constructing production facilities and opening new business opportunities than in formal development of the company administration.

The three daughters of Antoni and Marta – Sylwia (b. 1979), Joanna (b.1983) and Magda (b. 1985), had no pressure when they were choosing their education or life paths. Their parents encouraged them to try various activities and the girls never felt that they were obliged to follow their parents’ way. However, the family firm was always present in their conversations and holiday or other plans and the girls, when grew up sometimes helped their parents run the company when there was such need and emergency.

In the years 2005-08 the oldest daughter, Sylwia and her husband Alex, worked for the family firm, at the same time developing their knowledge and skills in running the planting business. In 2008 they decided to set their own company, complementary to their parents’. They now buy seedlings produced by their parents and sell them as cultivars, after they develop in their plant nurseries. They have 10 ha of land, 75% of which is under glass/foil.

When Sylwia and Alex quit the company their jobs were taken by the youngest daughter, Magda, who at that time completed her studies, and Karol. After three years the same pattern repeated: in 2011, after having grasped the principles of running planting business, they left the family company and set their own, also based on Plantex



planting material, but they specialize in other plants than Sylwia and Alex. They now own 6 ha of glass or foil- houses.

Both ‘parting operations’ were friendly, with a lot of advice from both parents and both “daughter companies” are advertised on Plantex website. Both new companies are treated in a privileged way – Sylwia and Magda purchase seedlings for their nurseries from Plantex at wholesale prices.

In 2011 Joanna and Jan returned from their 2-year stay in the UK and joined the family company, by taking over the duties and position of Magda and Karol.

At that time Antoni and Marta started thinking about slowing down their professional activities – so Joanna and Jan became natural successors, also due to their education profiles and international experience. The succession process is being supported by the whole family. Joanna and Jan get a lot of help and advice from the parents, but also from sisters and brothers-in-law. Most of the current decisions and problems are being discussed on the day-to day basis, via telephone and during family meals and gatherings. There are no family meetings at which all three companies’ issues are not discussed. When there are discrepancies in opinions regarding Plantex, the final, decisive statement comes from Antoni.

The succession process is planned for about 5-7 years and now it’s the second year of its implementation. The first two years have been devoted to

1. reorganizing/clarifying job descriptions of the successors and non-family employees
2. introducing Joanna and Jan into the decision making processes and strategic planning
3. hiring a new, better accounting office that would be more competent and helpful in the succession process
4. employing a Legal Advisor who specializes in company successions. He’s already helped to draw the succession plan and now assists in modifying it according to new developments.



Succession process was initialized and the plans were introduced by Antoni K. who felt it was time for more relaxed lifestyle. He and Marta intend to travel more and devote more time to their hobbies. However the Successors hope that the process of leaving the company will never be fully completed in that sense, that Antoni will keep the post of the President and offer his expertise and advice to their successors, at least in the most difficult moments and when dealing with most important matters.

In the next couple of years several changes will take place:

1. Successors decided and the Father agreed to take a bank loan and buy some land in the neighbourhood of the already existing plant in Village. They want to relocate there administration buildings, laboratory, warehouses from the City outskirts. Such consolidation of business would help them combine family life with business duties more effectively, they will economize on travelling expenses and save time.
2. Successors have already started raising their own house in Village in the vicinity of the plant and want to move there from the City. There is a good primary school in the neighbourhood for the kids and when the children are older, travelling 25 km to the City should not be a problem with fast train service. The parents of the Successors - Antoni and Marta helped them purchase the land for their own house by lending them money for the lot. They will return the loan on selling their apartment in the City, when they move to Village. In such way the Successors were able to avoid mortgage. Magda and her husband, Karol live in the neighbourhood of Village and have been already helping to supervise the raising of the new buildings.
3. The family company have already started formal transformation from “sole trader” business form into a partnership. A few years ago Antoni, Marta, Joanna and Jan set a family partnership that was supposed to engage in publishing books and magazines about planting. Since the market for such publications was rather narrow and the competition tough, the business never really took off and the partnership activities were limited. Now the Legal Adviser suggested the “publishing” partnership’s coverage should be extended towards the coverage of



the main family company and gradually should take over more and more business from Plantex, including, eventually, its trade name. In such way the formal transformation will be relatively smooth and with the family Governing Board with Antoni as the President and Advisor, the Successors will take over the managerial duties gradually and under supervision of the founder and owner.

4. When asked via Joanna when he was planning to retire completely, Antoni answered it would happen when the Successors felt confident and he felt they wouldn't need him any more on daily basis.
5. The ultimate ownership structure of the transferred business has not been definitely decided yet, but it would probably be around 50/50 shared between the family of parents and children, which would secure decent income for the parents when they retire.

2.2. Business- and Family-Related Goals and Performances

Since the company and family are very much entangled with each other, there are no major value conflicts in the family or business. The “newcomers” – daughters' new husbands at the beginning complained that the firm was too dominant element of the family life, but with time they adapted to such family culture. There more involved they become in the family company activities, the more obvious such lifestyle was for them.

Although the two sisters and their husbands have their own businesses now, they closely cooperate with the parent company and Father is quite often asked for opinions and advice, especially in situations crucial for the strategic development. The family firm is definitely a much more bonding element than a dividing one. Family gatherings are good occasions to talk informally about the three companies and family meetings in the company – to discuss minor family problems, such as looking after the kids when somebody has to go on a business trip, collecting them from the kindergarten when there is an important business visitor coming to the company, etc. There are no days without telephone or Skype conversations between the family members about both business and private issues.



Of course, there are sometimes problems and conflicts regarding various attitudes to management practices or distribution of duties. Some discussions happen to be emotional and sharp, but the problems are usually solved quickly, since all family members realize there is a great deal of goodwill on all sides and they greatly depend on each other. It happens the members of the young generation go with the problems to Antoni or Marta who try to solve them without anybody losing their face. Harmony is one of the most important values for Plantex family firm

Most problems faced by Plantex managers are connected with so-called “human mistakes”. Such business as a highly advanced micro-planting farm requires incredibly high standards in keeping procedures and physical conditions such as temperatures, humidity, sterility, etc. Even the smallest errors may lead to production disasters. Thus members of the family and highly specialized staff have to supervise personally most of the procedures almost non-stop. There are no holidays in the process of ensuring the demanding norms are met and all procedures obeyed. Sometimes the family members happen to travel in the middle of the night to their glasshouses to check if the seedlings are not destroyed by frost or the foil is not damaged by the wind.

There are some minor differences between the younger and older generation, mainly in their attitudes to managing people. Joanna says that her parents are more assertive and stricter in human management, while she is more lenient and gives people a “second chance”. However she has already realized that by requiring high professional standards from all employees the owners make the business safer and more predictable. A seemingly small error of an employee who forgets to check the temperature in a glasshouse may lead to huge losses in the sales of cultivars and ruin the reputation of the firm.

Sylwia’s, Joanna’s and Magda’s weddings and the christening of the kids were the Key Family Events, while business events were connected with opening new laboratories, warehouse or getting **GLOBALGAP®**, a certified programme of quality assurance.



However the weddings were also business events since each one introduced a new member to the family firm.

2.3. Dynamics of the family business (FB) (e.g. organisation/ownership chart, etc.)

The whole family perceives the family business as a bedrock and source of their professional identity. That's why the position of Antoni, the founder and owner is so strong. Not only has he built a sound business but the family admires him for enormous professional knowledge, expertise and willingness to share it with the new generation. His leadership style is strong and individual, but he has no problems with delegating or sharing responsibilities. If there is any reluctance against undertaking managerial duties it's due to the successors' unwillingness to take over rather than any barriers on Antoni's side.

That's why he wants to delegate gradually more and more decisions to the successors by slowly filling their job descriptions with new obligations and supporting their ideas leading to changes, such as relocation of the main premises to Village.

Since there were three daughters in the family, women naturally have always had a very important role in Plantex. While Antoni has always been a visionary inventor and skilful business opportunity finder, Marta was a master of organization and human management. Such responsibility division pattern was followed throughout the periods when successively Sylwia and Magda and Alex and Karol were employed in the company. Daughters were learning more from their mother, e.g. how to recruit, deal with employment regulations, represent the company at external meetings, etc. and their husbands were involved in production organization and supervision, transport and logistics. However strategic decisions have been discussed jointly by the whole family and sometimes even voted. Still the ultimate decisions belonged to Antoni. With Joanna on board this pattern has been slightly changed since due to her education she is more involved in R & D and Father invites/asks her as often as Jan to join him at various meetings, fairs, negotiations with partners, etc.



2.4. Commitment of the next generation

As it was mentioned earlier Joanna and Jan decided to join the family firm and become successors because this was an obvious step in the natural sequence of events. On returning from the UK with some experience of working at nurseries and some savings they could either set up their own business, or take over Plantex, with all its patents, facilities, contacts, business network, reputation and other assets, but also liabilities. All other family members strongly supported the succession option and persuaded Joanna and Jan to help save the results of the parents' hard work over many years. The whole family understood that such solution would give the parents peace of mind, and relaxed retirement, while the Successors realized they would save a lot of funds and energy they would otherwise have to spend on constructing from scrap a new company. There was no envy or ill feeling in the family since both daughters who decided to set up their own companies were significantly helped by the parents with their business setups.

Apart of all the pluses of succession Joanna and Jan are fully aware that the process of taking over Plantex puts great responsibility on their shoulders, because if something went wrong (hopefully it never will!) they would not only lose their own property, but also the solid “bedrock” of the whole family.

Knowledge transfer is absolutely the key issue in this case. Antoni willingly and enthusiastically keeps passing his incredibly broad knowledge to his children, while they are keen to learn and develop it as well as they only can. Without knowledge and skill transfer and great help from both parents Sylwia and Magda and their husbands would not be able to set their own companies in such favourable environment. Without massive knowledge and skills transfer Joanna and Jan probably would not take the risk to start such difficult and “sensitive” business, where small details and tiny tips determine business success or failure.

Willingness to transfer knowledge to younger generations without any conditions or calculations is probably the crucial key to successful succession of Plantex to Joanna and Jan; succession, that is now in progress. It is also one of the most important elements in keeping good atmosphere and friendly relations in the family. All the family members



have been taught from childhood and have it deeply incorporated in their minds that what each of them learns or finds out belongs to the family and may contribute to their prosperity. Like father, like children.

3. Conclusion and lessons

The case describes a particularly friendly and smooth initial stages of the succession process in a medium sized family firm. So far no major problems have been perceived, though there are lots of issues that have to be considered and dilemmas that have to be solved on daily, weekly and monthly basis before the process is completed.

If Plantex in a few years time, eventually becomes a company managed by the Successors it will be due to:

- The charismatic personality of the Founder, his huge knowledge, innovative and visionary attitude to his profession, determination, extremely hard work over many years, perseverance in perfection and wise, responsible risk taking
- The Founder's leadership skills. Although the company operates under Zeus's model of company culture (according to Ch. Handy's classification) the "Zeus" in this case is an open minded, generous and wise leader
- The values which the Founder and his wife managed to pass on to their daughters; among others –responsibility for own fate, high level of trust, loyalty to their family and ability to give and take
- Equal treatment of children in the family – when all the kids in the family feel they are loved most and no one is treated in a privileged manner, children are more prone to be cooperative when adult
- Ability to keep balance between business and family life – even though the two are strongly interrelated no one suppresses the other
- Ability to accept decisions of adult kids and support them, whatever they decide to do in their lives; without judging or criticising their steps (as long as they are ethical)
- Transfer of knowledge as the basic issue of the succession process at Plantex – willingness to share the know-how without calculations or conditions



- Employing a Legal Advisor who helped to draw the succession plan and watches its flexible implementation
- Setting no rigid deadlines for succession, which means the main “actors” understand that this is a process with its own dynamics that should not be artificially pushed forward

