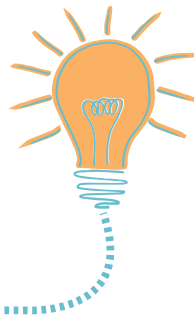


# Meet your local business models

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**Case study**

## Synopsis

Maciej and his father have run a business in plumbing services for six years. Having gained a stable position in the local market in Gryfice, the company Hydroma Gryf faces a challenge on how to navigate the future of the plumbing business. Never before has Maciej planned the development of his firm, it just happened as the clients needed their services. At the moment, Maciej appreciates the financial stability and the work-life balance he achieved, yet the business has the potential to grow. The risks he took in the past brought the company a steady customer base and profits, yet there are new challenges to be faced.



# CROSSROADS OF SUCCESS: NAVIGATING THE FUTURE OF MACIEJ'S PLUMBING BUSINESS

## INTRODUCTION

Maciej learned bookkeeping in high school. He got skills in masonry, and house decoration works such as wall painting and laying tiles, and plumbing from his father. He enrolled in engineering studies at a technical university to continue his education.

Yet, at the age of 22, Maciej decided to put his studies on hold and register a company. He applied for self employment grant from the Labor Office, bought equipment and tools, and continued to work with his father as they did earlier. At the beginning the plumbing activity generated enough profit to cover the costs, but no more than he would earn doing any other full-time job. Moreover, despite the hard work, his young age hindered him from gaining clients' confidence. He found satisfaction in the opportunity to master skills and gain valuable experience in servicing and conserving boilers. He didn't even mind the ten thousand of kilometers monthly drive around the Western Pomerania region.

## GAME CHANGER

Boiler servicing turned out to be a time-consuming job that required great diplomacy and patience with consumers. Maciej started to look at options to proceed. After all, one boiler installation was priced ten times more than servicing it and customers preferred service technicians. So, after two years, he decided to

drop all other services and focused the business only on boiler installation.

"It has proven that our decision to focus on boiler installation was the right one. The calculations were quite simple! The company earned 60€ for servicing a boiler and 700€ for installing one. It is good to specialize in a unique service" recalls Maciej.

Over a short period, the firm's profits doubled and then tripled, reaching a monthly income between 1000-4000€, depending on the season. Recognizing the potential for profit, many companies from the closest region made the same strategic move. This situation increased the boiler installers' concentration but created a gap in the market - a lack of specialists that could carry out servicing works. Clients occasionally ask Maciej for boiler servicing but he stays focused on the initial decision and only in rare cases and time provided he accepts such a job.

## STAYING IN THE ARENA OR MOVING FORWARD

From the legal point of view, Maciej is a sole trader. His father remained his informal associate. They mostly work together, share the profit 50-50, and consult on the most important decisions. During busy periods, Maciej engages plumber from a neighboring town on the basis of fair profit sharing. Maciej, though, sticks to the golden rule in the industry 'not to em-

ploy workers' as his father has always feared to do so. It is widely believed that this type of workers often abandon their jobs due to drinking issues. For this reason, Maciej doesn't consider himself a true entrepreneur but rather a worker, even though he legally runs the business.

The firm has a group of loyal customers, mostly individual house owners. Maciej doesn't do much to maintain these relations though. He needs no advertising either. He rarely uses his social media accounts for advertising. He believes the most important element in his profession is the good reputation that gains customers with the 'word of mouth' principle. He has never yet signed a contract, everything is based on trust. His position on the market is stable and safe but the range of his business is purely local. He competes with another

ten other plumbers in Gryfice. They all know each other, share information, and keep the same pricing level. Unloyal competition is penalized and easily eliminated.

Maciej believes that work/life balance is important. He usually finishes work early to enjoy his family life. Rarely does he travel more than 100 kilometers to perform a service, so he doesn't need to stay overnight. He doesn't take large orders either because he couldn't do them alone or with his father without employing others.

For the last two years, the firm has been prospering but hasn't moved a step forward. Maciej may leave it as it is or decide on the firm's development. "You can eat a full meal with a teaspoon" his father says, meaning that it's better to slowly move forward with small steps instead of big jumps.



### DISCUSSION QUESTIONS:

1. Which direction should Maciej commit to? Should he go from being a sole proprietor to the head of a company providing employment? What could be the firm's expected business profile after developments are made?
2. Identify the positive and negative sides of the firm's expansion.
3. Help Maciej to plan the next 2-3 years in his business, and create recommendations.

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