



BLACK TRUCK CASE STUDY

 **LYSSES**

DIGITAL STUDENT COMPETITION ON FAMILY BUSINESS



Erasmus+



Funded by
the European Union



SLOGAN/TAKE AWAY MESSAGE:

Six wheels on the sometimes-steep road of continuous improvement.

KEYWORDS:

lack of resources, digitalisation, awareness of new service

ABSTRACT:

Joe Black, founder and managing director of Black Truck Ltd - a Hungarian family business - has had an exciting journey from distributing truck parts to becoming a nationally renowned truck and trailer service, repair, and maintenance company. Joe has also personally experienced the challenges of generational change, as he now works with his sons as well as his wife.

Black Truck Ltd. has constantly evolved its range and scope of activities in response to market needs, and has been able to make these developments, typically with its own capital. However, they have now outgrown several major investments that have tied up their capital, so the necessary software development has stopped, even though it was the next step. One solution to this would be to ramp up technical testing, which was introduced as a new service under Covid, as it is currently operating at only 15-20% utilisation.

INTRODUCTION TO SITUATION (STORYTELLING)

It was a nice summer breeze in mid-June, when most people are on holiday, but the Black family were also sacrificing their days off to work on their company's biggest project ever. Recently it became clear that the company would have to move, so they decided to set up their own premises. *"The next few months are going to be very tough,*



you know? I'm counting on all of you, but I know it's going to be tiring, so get ready," Joe frowned worriedly. *"We know dad, we grew up in it, sometimes we had weekends when we were kids and you worked"* Alan replied. *"Yes son, but it's going to be a lot of weekends in a row now and there will be no time to relax... in any case, we thought of sharing our efforts with your mother, as the company can't stop, and the building work must go on. Norbi, you come out with me to the construction site and Alan, you and your mother can run the company during this time."*-Joe. And that's exactly what happened.

The Black family was on their feet 10-12 hours a day to get the construction and then the move done on time. *"I feel like we have a much stronger bond now,"* Alan told his mother. *"That's right son, we're stronger and we've worked really well together, which our colleagues can see, so I feel they're really enjoying coming to work now"* - Ann.

Although the huge development has been a success, the company's coffers are depleted, and they need to generate revenue before the next development to continue to grow.

DESCRIPTION OF CHARACTERS AND FAMILY BACKGROUND

The founders, mother, and father:

The founder valued the importance of learning and gaining experience, and although neither he nor his wife had traditional entrepreneurial skills, their perseverance and determination have now brought their company to international prominence. In building up the business, they have tried to maintain a balance between work and family, but even by their own admission, there have been times when this has been less than



successful, for example, when they have not wanted to integrate their sons and leave them free to choose their own career. After Alan joined, it was suggested that *"Norbi could look at the family business as well, because it would give a balance between the boys and he would be needed at the company too"*, Joe. In terms of work ethic, the attitudes of the young people and their parents are very different, while Joe Black, the father, is happy to spend 8-9, even 10 hours indoors to progress, and for his mother Ann, the security of the company and therefore the financial security of the family has always been the first priority, the children are now at a different stage in their lives, where there are other important, private things to make time for. Furthermore, *"my wife and I have always set milestones and performance indicators so that we can track the company's results, and we definitely wanted to pass that on to the boys"*. While Norbi's approach is: *"Our parents, if they have to build a bridge, they do plan a,b,c, my brother and I think we figure out what the best bridge will be and we create it"*- Norbi.

Alan, the older boy:

Alan, the elder son of the founders, originally started studying at the Budapest University of Technology in the 2000s, but university life didn't really take hold and he decided to join the family business. At that time, electronic diagnostics was starting to come to the forefront in the automotive industry, and equipment was appearing on the market for which there was no education in Hungary. The Black Truck management received an invitation to Austria, where Attila was sent. He attended a special training course and became an expert on equipment that is being used all over the world. Since then, he has become the company's expert and is often called upon by partners with problems they cannot solve themselves. He is currently working as an operations and service manager in the company.

Norbi the younger brother:

Norbi attended a technician training course, after which he joined the family



around 2016 as a co-worker and owner. He was a curious young man who, even though most of his classmates had done their apprenticeships at their company under his brother Alan, wanted to try his hand at other companies. He spent two months in Germany, for example, at the Volkswagen service centre, where he got to know the organisational culture there. *"At first, I was not conscious of bringing knowledge and know-how from other companies into our family business, but only realised afterwards how well I had made the right decision. Initially I just wanted to try everything and there were times when I asked to be treated as a traditional apprentice, not as an heir to Black Truck, because I wanted to learn the trade."* He also considers himself lucky that his parents never pushed him to integrate into the family business, and he feels he experienced many of its characteristics as a child. He also shared the difficulties of generational change, which for him has typically been about finding common ground with employees close to retirement age.

INFORMATION ABOUT FAMILY BUSINESS

Black Truck Ltd. is a family business that has been operating for almost 30 years, founded by a young couple in the Budapest area. Initially a parts dealer, the business has grown into an internationally renowned family business servicing trucks. They have also been a dealer for two smaller brands Kamaz and BMC, but the former is now on hiatus due to the Russian-Ukrainian war, as Russian parts are impossible to source.

Main milestones of the company:

The company started as a two-person limited partnership in 1995, selling spare parts, and then grew gradually, changing its legal form at the request of the partners to *"level the playing field"* and becoming a limited company in 2000. The success of the business and the international partnerships allowed them to operate as wholesalers and resellers, strengthening their market position. The next milestone came in 2003, when



they launched a vehicle repair base. In addition to the sale of spare parts, the focus was shifted to the servicing, repair and maintenance of trucks and trailers, from which the parts trade was phased out after a while. The service activities slowly but steadily expanded and by 2016 the plant had a team of 15-16 people, but faced with the problem of the time, the base had to be abandoned. It was also a time of generational change, and since then the backbone of the business has been made up of 4 people, the founding parents, and their children.

Thanks to their customer-focused approach and reliable services, the company is growing steadily and has gained international recognition, with various industry players, manufacturers and road map agencies seeking to work with them.

The approach to business:

Black-Truck Ltd. has always placed great emphasis on the family atmosphere and empathy in the relationship with its employees. *"We don't have employees, we have colleagues, we like to emphasise that, but we also expect them to be proactive"*- Joe and *"We have picnics in the summer and raffle draws at Christmas, so it's a family atmosphere"*-Norbi. They always try to be understanding and not to impose drastic rules on employees, as this is the way to make everything work effectively and with mutual trust. Related to this, the aim during the difficulties caused by Covid was to ensure that no one had to be made redundant, and to achieve this they worked at 70% capacity, but they were able to keep everyone and did not have to make any pay cuts.

The present and future of business:

Black Truck has recently implemented an enterprise management system and has set its sights on further digital development, so they want to complete the development of a software project they started 10 years ago, but which has stalled due to financial constraints and other market conditions. Although the first version of the software has been completed, 10 years have passed since then, and it would require a major rethink.



In 2020, during the Covid pandemic, they added a new service to their portfolio, offering truck, lorry, and trailer technical testing to their partners. However, this could not take off properly during the pandemic, as these exams could be postponed at the time, and has not been launched since. It is therefore not generating the revenue set out in the business plan to cover the cost of these improvements.

The company's focus on the needs of the market has led it to introduce servicing as a new service in 2003 at the request of its partners, and it continues to pursue this policy. "Many partners contact us saying that they are very satisfied with the quality and communication they experience with us, so they want us to also service cars, but we need to develop this, because we can't service them in the same place as trucks, so we would have to build a small workshop" -Joe. They are also thinking of setting up a car wash on their premises, as often customers don't bring their vehicles in as clean as would be optimal, so they could also manage this process in-house.

PROBLEM TO SOLVE

The managers of Black Truck Ltd have always been looking at what to improve and change to be efficient and effective in the market. Anything they came up with was all self-funded, as they were typically excluded from tenders because of their location in the capital. Their long-standing goal was to develop software that would easily extract data relevant to the day-to-day running of the company, which so far has come from 3 systems. They have a huge database, as they have 26,000 parts and information on at least 3,000 vehicles with at least one service trip per car. As this is a very specific case, out-of-the-box software was considered, *"but for 2 years we talked to the best companies about what we needed and it always turned out that custom development would fit exclusively to our company's needs, so we found a professional software developer"*-Norbi. So, the implementation has been dragging on since 2013, almost



reaching the finish line between 2016-2018, but then a sudden move hit the head, which shifted the focus and the capital in a different direction, as the then 36 square meters of rented premises were replaced by a 500 square meters of their own. This has significantly increased the value of the company, but reduced the liquid capital needed to make improvements.

Subsequently, the pandemic hit the family business, as it did many other companies, when survival and employee retention took the profit, as even in these difficult times they always took care to increase wages by 8-10% per annum, which was increased by 16% this year due to inflation. And after the recovery, drivers have had to face a drastic rise in energy prices, which has caused electricity bills to rise 10-fold and doubled the price of motor oil, of which 7,000-8,000 litres are used annually, as an average truck needs 43 litres. In order to reduce the latter, solar panels were purchased and installed in 2023, but this also limited liquidity.

In addition, their new service of technical testing, created to train liquid capital, has not been successful in the last 3 years and is not delivering the expected results and is only operating at 15-20% utilisation, which they would like to increase to at least 80%. This would require the development of the necessary marketing strategy, which would also need to focus on efficiency, as *"we don't have the capital to test multi-million marketing campaigns, so we need to have a very well thought out strategy to promote our new service"* - Joe.

QUESTIONS

1. How can the company's managers overcome the current situation? How can they move towards the desired goal?
2. How can they generate liquid financial resources for their development?
3. How can you promote your new service, technical testing, to the market?



4. With what marketing strategy could they effectively launch the new service?

INSTRUCTIONS FOR STUDENTS

- Students should answer the questions posed above.
- Handing in: Written solution (5-6 pages)
- Video presentation → can be video of team, animation etc. pitch 3 min

EVALUATION

- Aims and Process: the team was able to identify the problem/crisis/issue, defines clear and comprehensible aims on how to solve it and describes its approach and the reasoning behind it.

- Structure & Form: the form and structure of the final output and its presentation is creative (editing, tools used, design, attractiveness), comprehensible (red line), follows academic standards (citations), and uses adequate language.

- Research (literature and theory): the approach and processes to solve the problem are based on relevant literature and theory.

- Content / Solution / Outcome: the team's solution provides an added value for the family business and its members. Relevant criteria:

- Level of Creativity

- Level of Innovativeness

- Level of Feasibility / Possibility of Implementation



Disclaimer: The European Commission's support for the production of this publication does not constitute an endorsement of the contents, which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Ulysses Contest – Digital Student Competition on Family Business

2020-1-HU01-KA226-HE-094138

 **ULYSSES**
DIGITAL STUDENT COMPETITION ON FAMILY BUSINESS