



## VEGGIE GARDEN CASE STUDY

 **LYSSES**

DIGITAL STUDENT COMPETITION ON FAMILY BUSINESS



Erasmus+



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## SLOGAN/TAKE AWAY MESSAGE:

Cultivating growth together: from a one-man concept to a giant family business.

## KEYWORDS:

farm to desk, young leader, generational changes, succession

## ABSTRACT:

Veggie Garden Ltd is a family business group that has a 13-year history and started as a one-man business, where the founder did not want to grow bigger than what one person could manage. A bit unexpectedly, the business has grown into a giant. The group operates various businesses to manage different processes, such as fruit and vegetable retailing, namely the Veggie Salon, while running fruit and vegetable wholesaling, bakery trade, and butchery, too. The founder, Joseph, welcomed the interest of his eldest child in the business, who worked his way up the ranks to become the manager of one of the retail businesses. But this can create tensions in a business that has been running for nearly 10 years. Imagine that the new manager is not only the owner's son but is not even old enough to be considered a senior citizen.

## INTRODUCTION TO SITUATION (STORYTELLING)

On a Saturday morning of a spring day, Bruce got out of bed as usual and was eagerly waiting for breakfast, because that was always the time to find out if Papa would have something to do at his company over the weekend. Although most children would have preferred their father to stay at home, Bruce was different. He was eager to accompany his dad, to see what he was doing and how he was doing it, so "Good



*morning!*" was almost always followed by *"Where are we going today, Can I join you? "*. *"Actually, I have a couple of things to do at the company...we can leave after breakfast,"* Joseph replied. When they arrived, Bruce got busy instantly. An hour later, Joseph wondered *"Where could this child be?"*. After a short walk, he found him among the women, where Bruce joined them in the work process of sorting peppers. More than 10 years have passed since then, and the boy has become a man and a leader, which has brought many difficulties. While some workers saw the boy as a child sorting peppers or driving a forklift in his father's business, others saw him as the boss's son, freshly graduated from university and a leader by his own right, despite his young age. This has led to many conflicts in the company and the family, which continue to this day, despite Bruce's constant development and proof of his abilities. Many people left their positions because they feared that such a young leader would spoil the established system, thus compromising their security, while others still mistrust him today.

Thus, it is the attitude of people that is currently the biggest challenge for the company, with the issue of pricing emerging from the day-to-day operations. The manager believes that it is too time-consuming to keep track of partners' pricing, so digitalization and simplification is needed, the implementation of which they are stuck at right now.

## DESCRIPTION OF CHARACTERS AND FAMILY BACKGROUND

**The father, Joseph, the leader, and founder of the group:**

Joseph started working in 1996 at his previous job, the then fledgling Olly's Orchard Cooperative. *"I was Bruce's father at a time when I wasn't his father,"* recalls the father, who in the first 10 years of his son's life - with ambitions similar to those of his child



now - was involved in setting up a company in another city similar to the one they are working in now. As an employee at the time, he felt he was helping the company succeed so that he could retire from it. The desire to start a family business was born when he attended an international conference at his previous job, where Westerners spoke about the businesses their ancestors had set up. It was then that he felt *"it would be nice to establish something like that and build the foundations of a business that started with him (me)"*. In addition to his work, he founded his business in 2007 and in 2010 he started his own business using his previous contacts. He started with a lack of confidence, wanting to build what he and he alone could do without outside help, but this quickly failed as he grew rapidly.

The decision to turn the business into a family business was, one might say, semi-conscious on his part. He wanted to give his child the freedom of choice, but he also shared with him that the development of the business was up to him, so if he didn't want it, he would have to outsource or restructure. Joseph would have been happy either way, but fortunately for him, they both wanted to grow the family business together. *"My father-in-law had never been an employee, he couldn't have coped with the constraints of, for example, working hours. I feel Bruce was similar to him, so I felt it was best to bring him on board as the head of our retail business so he could take the consequences of his decisions. I think it worked."*

#### **Bruce, the manager of the Veggie Salon: branch manager**

The eldest of the children, Bruce, had been interested in the family business from a very young age, but his father saw that he was also interested in sports and had a talent for it: *'I think I never pushed Bruce into entrepreneurship, I wanted him to do what he liked and I didn't want him to feel obliged, but I told him I would help him if he chose to do it.'* The boy experienced it in exactly the same way. *"It's lucky because it was my own choice, and it might have been different if I had been obliged to do it."* – said Bruce.





In his penultimate year of high school, he became actively involved in the company, obtained his forklift truck driver's license, and dedicated his Saturdays to the business. He then worked his way up through the ranks, gaining experience as a warehouse worker, and after graduating with a bachelor's degree, he took on the role of manager of the Veggie Salon. He calls him "Dad" among his closer employees. Initially, he treated his father as a mentor, from whom he initially sought professional advice on major decisions, and now they are partners, where he has his own decision-making power over the part of the business he runs.

#### **Other family members in the company:**

The founder's brother, Bruce's uncle, although not an owner, is the site manager of the wholesale warehouse, and all purchasing-related decisions are his. He is referred to as a third manager in the life of the company. In addition, the vision for the future includes the integration of Bruce's nephew into the business, so the second generation will be expanded by one more person soon. The boy is already actively involved in the life of the company, in addition to his studies as a food engineer. Bruce would like to involve him with a similar attitude to the one he had, so he does not want to put pressure on him, but he will be offered the opportunity, as the new branch would benefit from his knowledge of the food industry and would be a good opportunity for him to gain experience at an early stage.

The founder has two other children, of whom daughter Hannah has a very strong social sense, which she puts to good use in her profession, but she keeps herself very much out of the business, even though their father has found her an ideal position: *'It's becoming more and more fashionable to be a Happiness Officer, which is not exactly HR, but is something HR-related. Management doesn't have the time to praise people day in and day out and nurture their spirits, but the need of it is growing. So, it's now common practice abroad, but I can't get Hannah to join yet'*. ...and 14-year-old Ben



has his sights set on a career in veterinary medicine and feels he doesn't want to take his brother's place, but for the time being he doesn't see what the big boys have, it could work in other ways, but we'll see what the future holds.

## INFORMATION ABOUT FAMILY BUSINESS

### General information about the company:

The family-run group laid the foundations in 2011 with the establishment of a Gardeners' Club, which aimed to collect the fruit and vegetables of local producers and distribute them to end consumers through a mini-market.

The parent company was founded in 2013 and operates as a vegetable wholesaler. The separate businesses are treated as a group, with minimal separation of the different companies for the sake of controllability and different strategies and activities. These are: bakery trade, fruit and vegetable wholesalers/retailers, fruit pickers and butchers. The company also operates a vegetable shop franchise in four locations in Szeged.

The retail company's mission is to provide high-quality vegetables and fruits grown by domestic gardeners with the care of a good farmer and from reliable sources. In fact, this is also what characterizes the group as a whole. One of its aims is to strengthen the local economy and shorten the distance between customers and producers. For example, in the Veggie Salon's shops, small signs tell the story of the farmer from whom the product comes.

The company is currently experiencing a steady monthly growth of 15-20% in sales, which is truly outstanding, but the company's plan for the next period is always made in the second half of the year, so it may still bring changes. In addition, a kitchen has been set up, where they are currently working on revolutionizing the veggie squeezing process for their smoothies and experimenting with not peeling the grocery products to improve efficiency. They are also expanding their franchise network, with Budapest as the next



city in mind, for which they are actively looking for entrepreneurs.

#### The business and its competitors:

It's difficult to define the company on the market, as it works with very specific solutions. Bruce, the company manager, considers multinational companies to be the main competitors, because the nature of the group and the wide range of products and activities mean that the business is not comparable to a traditional grocery store, which is more advanced in terms of digitalization and has a wider range of partners.

#### The spirit of the company:

The constant volatility of the market has an impact on how the business is done, so unstoppable developments are a feature of the company's daily life. If there is a proposal that fits at least a little bit with the group, they immediately start to think about how they can add value. This is one of the ways in which the whole plant and the kitchen have been developed. The latter was Bruce's idea, and he asked his father, who was not a fan of the idea, for his opinion. It also required the young man's unflappable attitude, which he described as follows. *"If you have the entrepreneur in you to think, you don't have to spend 10 million, but you can grow."*

In addition, it is important to see that work flows through to their daily lives and family lunches, which wives are less happy about. But men feel it is a necessity, because *"We live here, we are here, we cannot be confined by sharp boundaries"* - Bruce.

### PROBLEM TO SOLVE

The integration of the young child into the company can be considered partially successful for the time being. In the initial period, former employees decided to quit the company because they felt insecure about having a 20-year-old boy, who is also the son of the owner, as their manager. Therefore, keeping the employees and their trust was a challenge when Joseph appointed his son to run the company. "It's not easy for



me either, as a father and a manager I have to make decisions at the same time and when Bruce came in, I had to create an atmosphere where the employees I had grown the company with, would not lose trust. I also wanted to give my son a playground where he could make his own decisions." Even though 3 years have passed since then, Bruce still feels there are employees who cannot accept him as a credible leader, and this creates a challenge for everyone, not to mention that if his cousin decides he wants to join in a few years, the business will be back in the same shoes again, creating uncertainty when a young family member steps into a higher position.

The decision-making mechanisms are also worth mentioning. Joseph, the founder of the company, holds the group together and all financial decisions are in his hands, so he decides on major investments, while Bruce has full decision-making power over the retail vegetable shop. Joseph's brother has a degree in agricultural engineering, so he is the one who is responsible for the management of the company.

#### Challenge 2: Continuous management of business prices

*"A lot of time is wasted monitoring competitor's prices, going to big multinationals, seeing how much they sell vegetables for, to price ourselves in the market. In the world of e-commerce, almost everyone has a platform where you can follow their prices, which, if we could connect them with the help of digitalization, we could monitor average prices on a big screen, like a stock exchange"* - Bruce. The young leader's idea would help the company save time in defining its prices on the market for its wide range of products. However, he needs a strategic implementation plan to make it easier to set prices.

## QUESTIONS

1. What managerial tools should be used to make it easier for Berci to be accepted



as a leader?

2. How to prepare the business for the integration of additional family members?  
What measures can be taken to prevent mistrust?
3. How can we reasonably separate paternal and managerial roles in the group?  
How can this be made more effective?
4. What digitalization tools and how can they help your company's pricing? How can they better monitor the activities of price-setting competitors.

## 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





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