

GROWING Side by Side

Grupa PSB is supporting and growing with its suppliers, wholesalers, and partners as the company sets its strategic vision for the future.

Images courtesy of Grupa PSB

As the largest and fastest-growing wholesale network of building materials and home and garden stores in Poland, Grupa Polskie Składy Budowlane, or Grupa PSB, has become a prominent and powerful player in the Polish market. With an eye on sustainability and the community, Grupa PSB is nurturing partnerships and fostering the future health of the Polish industry.

Bogdan Panhirsz, President of Grupa PSB, discussed the group's growth and development with *The CEO Magazine* as the company sets its sights on the future.

The CEO Magazine: Since Grupa PSB's inception in 1998, how have you brought your people along on this journey?

Bogdan: For nine years, I worked as a commercial manager for another company and all the people who worked with me at the

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time knew me quite well, they knew that I was quite stable, and that I was a good director. I didn't have any problems with attracting staff and bringing them on board. When I started the company in 1998, I took 34 people from the previous organisation, mostly from the marketing, commercial, and technical teams.

At first, we rented a small office near my old company and then year by year we created new places for new employees. Right now, Grupa PSB's headquarters employs more than 300 people so we have built a new office with more than 3,000 square metres of space. We also have central warehouses with more than 20,000 square metres, including 10,000 square metres for 16,000 pallet places.

Your strategy for the future was presented in December 2013. How will this shape the company in the years to come?

The strategy is focused on creating our strength in Poland.

We are not in a position to be active abroad because we are not a producer, so we cannot increase our export activity. We are definitely situated in and focused on Poland. We want to increase the number of wholesalers and the number of outlets that we have. Right now, we have 172 typical do-it-yourself outlets in smaller cities. Most of them have an average area of 1,600 square metres.

Our DIY outlets are much smaller because we operate in smaller cities. We aren't present in big cities. We're operating in village areas in towns of more than 10,000 inhabitants. The strategy for DIY is very easy. We want to have at least 400 outlets in the coming six years. In terms of wholesalers, at the moment we have more than 330, including 27 professional [PROFI] wholesalers who are also building markets in heavy building products. Our strategy for 2020 is to have at least 130 PROFIT wholesalers across Poland by that time. >



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How do you see Grupa PSB's culture shifting as these changes are implemented?

The market is always very dynamic. Within the past 16 years, we've seen many changes because of a range of factors. First of all, Poland is in the European community so there are new possibilities to increase the business and make a lot of new products in Poland. From the beginning until now, the most important shifts have been these dynamic changes.

For instance, our DIY brand was created only 12 years ago, and year by year we had to convince our board of directors that it was a good idea. Now it's much better and easier with the brand growing to the good position it's in now. The situation has changed because it's much easier to get credit from the banks so it means that we're in a position to open at least 40 outlets every year.

With so many brands within your large group, what challenges have you had to deal with as a result of this complexity and diversity?

In the group, the most difficult thing is that all the members don't go in the same direction. The problem is that most of our members are independent wholesalers. Some of them have very specific expectations and it's difficult to agree on all the aspects with all of them because PSB consists of different companies—small, medium, and very big—and some of them have more than 20 outlets. The biggest challenge is to find a solution that suits all of these different players.

As I mentioned, our strategy for the future is to take new shareholders, members, and to increase the capital of the company because the most important aspect is that we credit our wholesalers. PSB buys the product from the suppliers, we pay them very

quickly, and then we credit our shareholders within 60 to 100 days. It's something that we pride ourselves on and it helps us to keep them with us.

Supplier relationships and partnerships are obviously very important to you. How do you ensure that your suppliers and strategic partners come with you on this journey?

My time as a commercial manager gave me a lot of experience in developing excellent partnerships with buyers and wholesalers. Right now, I'm on the other side but I speak to my suppliers and I can really understand their viewpoint. I want to find the benefits for both parties, for both the suppliers and ourselves. It means that we are never on opposing sides.

It's much better to find partners who you understand and who understand your needs. I always say that producers should earn money because all the money



prices and very low margins will not help the market in any country.

Grupa PSB does a lot of different things. We provide support in the daily activities of all our companies. We sell not only products but services as well. We sell petrol, phones, energy, computer programs, and much more. Thanks to our big position, we can negotiate much better prices for all the services. Not only our wholesalers are happy with our support—a lot of suppliers and producers also buy electricity, telephones, and other services from us. Everybody is satisfied because they can reduce the daily costs of their companies.

What do you envision for the future, not only for Grupa PSB but also for Poland?

Poland is a very unique country because in many branches there are too many producers. As a result, the prices are very low because there's so much competition. The next problem for Poland is that the quality of the product is sometimes not equivalent with the European level. There is a long way for Polish people, and other Eastern countries, to go before they can control the products and guarantee that the product will be of that European quality.

In the Eastern markets, the controlling system is very poor. There's no money for controlling or testing. The problem is that everybody needs money and it must be regulated by the government, which has a lot of problems of its own to deal with.

Do you think Grupa PSB can play a role in shaping this future?

PSB is a leader in the new method of distribution. We've also introduced very nice computer programs and support for our members. Our idea is that our competitiveness should follow our own steps and values. This is the only way that the market can be changed.

We're really looking towards the future. We have hundreds of training programs every year. We are training the people who are delivering service at the outlets. We also have a small MBA program where we try to help our companies with their management and organisational style. We do a lot of training for our contractors and users. We have an e-learning program for the people who don't have the time to attend these training programs. It's something we call our technical university of PSB because every year in the training models we train 10,000 people, so in our industry we are definitely the leader in training.

I think it's interesting to note that in our group one quarter of our shares belong to suppliers, which means that a group of more than 35 suppliers from all over Europe decided to buy our shares. It demonstrates that the suppliers believe in us and they invested in us to give us the opportunity to become stronger and bigger and to deliver better services to the market. •

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comes from producers. If producers don't earn money then the money won't come to wholesalers and nothing will work.

What we observe in other countries where the margins are much higher is that everybody's in better condition. The producer can invest and follow their business and the shareholders are happy because they can invest in new outlets.

In Poland, the situation is very difficult because the margins are very low. A lot of wholesalers who do redistribution don't care about the money. If they earn it or not, they focus more on keeping the market afloat. This is why I have such good cooperation with the suppliers because I am not in a position to be a price-killer, because I know that very low



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