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# **Growing Pains**

The Challenge of Transitioning  
from Small- to Medium-Sized Business

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Growing Pains  
Transitioning from a Small- to Medium-Sized Business

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## The Issue with a Hasty Transition of Operational Power

Raffi, the founder of the family-owned landscaping business, Green Lawns, restructures the business to deal with the expanding administrative demands coming with Green Lawns' growth. The Ontario government's requirement that Green Lawns set up a Joint Health and Safety Committee now that the firm has more than 20 employees is a catalyst for Raffi to delegate operational duties to others. He assigns leading roles to three long-term employees, two of whom are his children. Soon after the restructuring, there is an employee accident, which highlights issues with the transitions in leadership.

### About Green Lawns

Green Lawns is a small, but growing landscaping company. Over the last years, it has expanded into property maintenance and increased the number and scope of their landscape construction contracts. Just three years ago, the company had only six employees; now it has 21.

Despite the business's growth, it remains a family endeavor: Raffi wants the business to provide a stable and prosperous future for his family. Raffi's children, Sahak and Ohanna, are part of the company and Raffi clearly favours them over his other employees. This does not breed resentment, however. Sahak and Ohanna are popular among their fellow workers and seem to be generally competent. Raffi makes sure that they prove themselves. He hired them first in entry level positions and only increased their responsibilities after they demonstrated competence.

Raffi's employees feel fortunate to work for Green Lawns, as it is a more desirable place to work than other landscaping companies they know. Raffi ensures that everyone in the company gets certain perks, regardless of their relationship to himself. For example, all

employees are allowed to use company vehicles and equipment on weekends to do their own projects, or move furniture, if they desire. Employees are treated well and are paid an above-average landscaping wage. Raffi also tries to find work for his employees in the off-season, offers a modest benefits package, and is known to support his employees should they decide to leave the company to strike out to start their own businesses. Green Lawns also has many female employees, which is still unusual in the landscaping industry. As a result, Green Lawns has dedicated, motivated employees and very little employee turnover given industry standards.

## **The Catalyst for Restructuring at Green Lawns**

For a long time, Raffi ran the company by himself, supervising the construction crews, providing estimates to potential customers, fixing equipment, and taking responsibility for employee safety, including the maintenance and repair of equipment. As many entrepreneurs find out, however, managing a growing company leads to having less and less time to oversee day-to-day operations. Raffi has come to the realization that he needs to restructure the company, even though giving up control does not sit well with him: a sentiment which causes him to delay taking the necessary steps.

Raffi's hand is eventually forced when he learns that, since Green Lawns now has more than 20 employees, it is required by Ontario labour law to have a Joint Health and Safety Committee (JHSC). The purpose of the committee is to make recommendations on how the health and safety of workers can be improved. The committee must have at least two members for a company with 20 or more employees: one to represent the employees and one to represent the employer.

## **Raffi Divests Control and Restructures**

On a cold April morning, just as Green Lawns is preparing for the new season, Raffi calls a meeting with Ohanna, Sahak, and Tani, a long-time friend of Raffi's and one of Green Lawn's oldest employees. Since Raffi has not given any notice of the meeting, Ohanna, Sahak, and Tani do not know what to expect.

Raffi lets them know that he is no longer able to directly supervise employees on-site and proceeds to hand out promotions. Ohanna is appointed to oversee the property maintenance crews, and Sahak to oversee the landscape construction crews. He also promotes Tani to the position of in-house mechanic. Tani is quiet and disinclined to assert himself, but he has an aptitude for fixing small engines. He knows when equipment can be repaired or needs to be replaced, which makes him ideal for the job. Each is given a pay raise. These changes are accepted gratefully by the newly promoted.

## **Setting Up a Joint Health and Safety Committee**

Raffi then tells them about the JHSC that needs to be set up. He appoints Sahak to represent the employer, and Tani to represent the employees. Raffi's thinking is that Sahak, being a man, will command more respect than Ohanna from some of his more conservative employees. Furthermore, he knows that Tani is well-liked by his peers and, since he is the new mechanic, and most injuries on the job occur as a result of faulty equipment, it seems like a good fit.

But Raffi does not bother to explain any of this to Sahak, Ohanna, or Tani. He just tells Sahak and Tani what he thinks the health and safety policy should be: "First, Sahak: no one can use a piece of equipment until you are sure they can use it safely. Second, make sure everyone knows how to do manual tasks without getting injured. Also, Tani: if any piece of equipment needs replacing, or you're not sure if it is safe for use, talk to me."

At this point Raffi asks whether they have any questions and, when there were none, he ends the meeting which has taken all of 10 minutes. As they were getting up, Raffi remembers something else: “To be in compliance with regulations, I will have to send you guys to get health and safety training at some point. We’ll do that when we have a quiet week. I’ll let you know.”

Tani is uncomfortable being on the JHSC and unsure how his role is supposed to be different from just being the mechanic, but thought little of his complaints and chose not to say anything. Ohanna is somewhat resentful of not being appointed to the JHSC. She has been working at Green Lawns for longer than Sahak and considers herself just as competent a landscaper as her younger brother.

The tenor of this meeting is typical of Raffi. He is impatient and known to get angry when tasks are not completed on schedule. He gets especially frustrated when equipment is driven to failure or accidents happen on the jobsite. However, he is known to be most irritable when someone misunderstands or fails to carry out his instructions. Raffi has high expectations of his employees and Sahak, Ohanna and Tani are all keen to keep him happy.

## **The Accident**

While planning for her week, Ohanna asks Tani to make sure a chainsaw is ready to remove a few small trees. Upon noticing a small imperfection with the chain, Tani warns Ohanna, saying “it should be fine, so long as you don’t have too much work to do with it, or run it too hard.” After the meeting, Ohanna decides to take the chainsaw along with the intention of taking out the trees herself.

At the jobsite, Ohanna outlines the day’s tasks and mentions that the trees that need to be taken out. She assigns tasks to crew members, but does not quite know what to do with Daniel, a new employee for the summer, who is just out of high school. In the past, Raffi would have trained a new employee.

Ohanna is confident that she can train Daniel, but she is unsure whether Raffi's policy means that she has to get Sahak's approval before she lets Daniel use any equipment. While she is still debating, Daniel, eager to show that he can become a valuable member of the crew, decides to show initiative and remove the small trees with the chainsaw. The chain snaps, and Daniel is injured. His tendons to his ring and pinky fingers were cut. Doctors expect him to make a full recovery, but he will not be able to do physical work for at least six weeks.

When Raffi hears about the incident, he is angry and worried. He feels that perhaps the accident is his fault, because he should have been there to train Daniel. At the same time, he is disappointed that Ohanna let something like this happen right after being promoted. Finally, he is unsure whether the steps he took are sufficient for Green Lawns to be in compliance with health and safety regulations. If not, he worries that his company might face serious consequences. These could range from a fine to, in the worst case, being barred from submitting tenders for municipal contracts for some period of time. If that happens, Green Lawns might have to downsize.

## Questions

1. To what extent is Daniel's injury the result of poor leadership from Raffi? What could Raffi do better to be a more effective leader of his growing operation?
2. What was problematic about the composition of the Joint Health and Safety Committee, or Raffi's instructions to the JHSC?

(See [http://www.labour.gov.on.ca/english/hs/pubs/jhsc/jhsc\\_jhsc.php](http://www.labour.gov.on.ca/english/hs/pubs/jhsc/jhsc_jhsc.php). for details on how a Joint Health and Safety Committee should be created and a description of members' duties.)

3. Raffi has always given his children special treatment. If Green Lawns is forced to lay off employees as a result of any penalties incurred, can he afford to ignore Ohanna's involvement in Daniel's injury? Do you believe that Ohanna's actions merit her being let go, or at least demoted from her supervisory position?