ACCESS POLAND

A Guide to Doing Business in POLAND
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1. Introduction

“We have had a good experience in Poland. We like the market and we’ll work to hold on to what we have and we’ll work to try and build it. There are opportunities there. It’s a big market, a big population and it is going in the right direction: there’s a lot of investment going on.”

Jackie Browne, Commercial Director, Athlone Extrusions

Why this market is important

Europe’s seventh-largest nation with a population of more than 38 million people, Poland is firmly among the up-and-coming global markets behind the BRICS emerging economies that are tipped for further strong growth. Poland weathered the recent economic turbulence well and grew by 4.3 per cent in 2011 compared to 1.5 per cent for the EU 27. In 2012, its GDP growth was 2 per cent. The forecast for 2013 is between 1.3 and 1.5 per cent (IMF).

The high number of Irish companies and the export level indicates a large number of small transactions. This makes Poland a particularly good market for Irish SMEs. Many of the companies already doing business in Poland started early in their own exporting history, because it is a relatively low-cost market, and it’s easy to access from Ireland. Poland offers a good return for relatively low investment compared to other territories. It’s also a valuable strategic foothold into Central Europe. The population of the countries bordering Poland numbers more than 300 million people across Germany, Russia, Ukraine and others.

Purpose of the report

The objective of Access: Poland is to give practical and up-to-date information on the market for Irish companies. Here you will find useful, easy-to-digest advice on the critical aspects of doing business in Poland for companies at all levels of business development. This guide covers:

- How to get started in the market
- Poland’s business culture and how it differs from Ireland’s
- Market research
- Routes to market
- Key legal issues, tax, and recruitment considerations

How it was compiled

This report is based on the practical experience and knowledge of highly successful people in the market, by specialists in areas such as taxation, immigration law and marketing. It is informed by the lessons learned by the many Irish business people who have succeeded in Poland. The report also includes commentary from a number of these people.

Access: Poland is intended to be of use to a wide audience, from companies thinking of exporting to Poland for the first time, to those already selling in the market and wishing to examine strategic options for further growth.
CRITICAL SUCCESS FACTORS
2. Critical Success Factors

“While the Poles and Irish do get on well, there are quite definite cultural backgrounds that have to be taken into account. They always do things in quite an official manner. Things have to be done in a very exact fashion. I would say that the Polish are quite disciplined in their approach to business.”

John Martin, Sales Director, Playprint

Why this market is important

Since the opening of the market after Communism and subsequent integration with the EU, the Poles have been very open to doing business with international companies – an attitude noted by many Irish businesspeople. There is an affinity and familiarity with Ireland since many Polish people know or are related to people now living here. However, this doesn’t confer any particular business advantage – your product or service must still stand on its own merits. Preferably it should either offer features not easily available elsewhere in the market, and even then it may be drawn into competing on price, which is a critical factor in the Polish market.

Poland was heavily shaped by history, where the struggle for independence and religion featured prominently. This has given the Polish people a strong national identity and they are proud and patriotic. In business dealings, formality is the watchword although there are some distinct generational differences. Older managers in Poland tend to be more emotionally reserved and less inclined to take risks. Younger managers are typically more deal-oriented; many have MBAs or have worked for foreign multinationals. A third group in Polish business culture is the returning diaspora. As the Polish market becomes increasingly open and competitive, this group shows a strong willingness to be successful. They also tend to be more dynamic than older generations of Polish businesspeople.

In general, the younger generations of Polish managers are more open to risk taking, but on the whole, Poles are cautious in their attitude to debt. Having a better understanding of how they do business will help your own company’s efforts in the market. Below is a summary of some of the main elements of Polish business culture.

Business culture and practice

Just as in Ireland, a wide network of contacts is very important as personal relationships are very important when doing business in Poland, where who you know can be as important as what you know. Regular personal contact is crucial, especially in the early stages of business development. There are also important differences between the Irish and Polish approach to business. For example, in Ireland it’s common to reach agreement quite early in a business relationship and a handshake is a form of bond to undertake a particular action. The Polish way, however, is more structured and process-based than Irish businesspeople might expect. Decisions also take longer, and you should factor this into your planning.

Another critical aspect of Polish business culture is top-down management. Leaders are seen as providing direction and seniority is respected. Hierarchies are clearly defined in traditional Polish companies and they can’t be bypassed. Titles are important. Business leaders are quite strong minded and they expect to be listened to. For these reasons, you need to ensure you’re establishing contact with a person who has decision-making power.
• Polish people are very open to doing business with foreign companies but be aware that they are likely to be guarded in their initial dealings with someone they have not previously met.

• Polish people can appear quite serious when they first come in to meetings because business is seen as important; when they get to know you better, their demeanour will change.

• Relationship-building is crucial in Polish business, and it takes time and regular personal contact to build up confidence and trust.

• There is a higher level of formality in Polish business settings compared to Irish meetings, particularly at the initial stages.

• First meetings will most likely take place in an office.

• Poland is an extremely price-sensitive market and this attitude pervades the country’s business culture; while quality is a consideration, cost is often the deciding factor.

• For this reason, your pricing in the Polish market may have to be adjusted compared to what you might charge in other export markets.

• The first week in May and the days either side of the Easter weekend are holiday times in Poland where it is not recommended to travel for business. The months of July and August are also not recommended because many people will be on holidays, and the period between Christmas and New Year also tends to be quiet.

• Most of Poland’s public holidays take place in the spring and the autumn. The official Polish website, en.pol.gov.pl/ includes information about specific national holidays throughout the year.

• You may have to navigate several strata of an organisation, involving multiple meetings on different occasions, before speaking with the person authorised to sign off a project.

• The decision making process is often slow in Poland – typically slower than in Ireland – although certain sectors such as ICT are exceptions.

• Polish people find it refreshing that Irish people are typically very lively. They like the interaction and the fact that it’s often possible to meet and speak with the founders of a company.

• The Poles love to entertain. If you’re lucky enough to be invited to a Polish restaurant or home, it’s good manners to accept the invitation.

• If you are entertaining a Polish person, it is generally more convenient to go for lunch rather than dinner later in the day.

NEED TO KNOW

In Poland, work of any kind is typically supported with a contract – whether this involves supply of a product or a service. This formal approach informs the way the Poles do business. For this reason, it’s a good idea to follow up on a meeting with an agreed set of actions, written out clearly in order to avoid confusion and to ensure the work is followed through on both sides.
Business meetings in Poland

Bear in mind that a first meeting might not be about your particular product or service, and several meetings are likely before progress is made. Price is unlikely to be discussed at the outset, but when the subject is brought up, keep in mind that it will be a key consideration for your potential customer. It’s important to be well prepared for business meetings in Poland and especially for contract signings (see chapter 5 for more on legal obligations). You should have suitable brochures and promotional material ready. Ask your prospect if they would like this material to be translated into Polish first.

- Schedule meetings for the earlier part of the day, if possible. Poles by preference tend to start work early and finish early. Typical working hours are between 8am and 4pm.
- You should arrive on time for meetings in Poland, even if your counterpart may not necessarily be there on time.
- You should greet your Polish counterpart with a steady handshake and some small talk at the outset is expected; you may be asked about where you are from.
- Meetings in Poland have a tendency to over-run. Try not to arrange them back-to-back – plan your time, especially if there’s travel involved.
- Polish people are reluctant to go into great detail in the first meeting – it’s more about establishing a rapport and getting a sense of your company and of you as a person.
- Accordingly, your first meeting in Poland may not involve direct talk about the business you’re there to do; the talk may revolve around the sector in general.
- When you do get down to business, be prepared with facts and figures to back up any claims you make about your offer.
- In Poland, people like directness.
- A ‘no’ in Poland is likely to mean ‘maybe’ or ‘perhaps’. It may be a bargaining tool to see about having some more negotiations and it may require you to change tack.
- Don’t assume the final deal is the final deal. Your customer may come back to you looking for an additional discount, so you should build that into your pricing model.
- Poles like win-win outcomes.
- If you don’t get positive feedback at an early stage of discussion with a prospect, that might be your cue to walk away. If your counterpart in the Polish organisation doesn’t appear to be enthusiastic, then this door may well be closed for you.
- It’s a good idea to finish meetings with key next steps and ideally one of those should require your counterpart to take action: that’s the true gauge of how the meeting went. Try and create an output from the meeting that will generate a reaction from your opposite number.

Be patient: business decision-making can go through many levels of a company’s hierarchy.

Inviting a prospect to Ireland for a visit to your factory or office is a good a way of building a relationship. When is a good time to suggest it? Judge the mood of your counterpart; the first meeting may be too soon but subsequent meetings may offer a guide. It’s also a useful option if you are meeting an agent who you hope will represent you in the market: the better they understand your company and its workings, the better they will be able to sell your product in Poland.
Do’s and don’ts

• In keeping with the formality in business, it’s important not to use first names unless your counterpart invites you to do so. It’s always better to use Pan (Mr) or Pani (Mrs)

• Don’t appear too positive without obvious reason; your Polish counterpart might be suspicious or not trust you

• Poland is in Central Europe, not Eastern Europe – the Poles dislike being thought of as in Eastern Europe.

• In Poland, it’s acceptable to display emotion such as anger and annoyance in a meeting. However, Poles dislike being criticised in front of groups

• Don’t put your hands in pockets – it’s considered rude – or sit with your ankles across your knee in a meeting.

Overcoming the language barrier

According to Eurobarometer data from 2012, some 33 per cent of the Polish population speaks English: more than 12 million people. Depending on the industry sector, there will be different levels of ease and comfort in speaking English throughout Poland but this can vary.

Before arranging a presentation or sending marketing material, ask if your prospect would like them in English or Polish. Given that you will want to sell to them, common courtesy suggests your company should be the one to make the effort and speak Polish. Enterprise Ireland’s Warsaw office can arrange for an interpreter. You may also have access to Polish-speaking resources closer to home: since EU accession in 2004, many Polish people migrated to Ireland and many found work in Irish companies. According to the 2011 census, Polish is the second most spoken language in Ireland.

When thinking of getting an interpreter, make sure they understand your specific business so they use the language that’s equivalent to be translated. Otherwise the translation will not be correct. That’s why it’s always a good idea to use Polish employees, if your company has them. While they may not have formal sales training, they will have the crucial advantage of being familiar with your company and the product or service it provides. Another advantage of having a Polish person as your interpreter or partner is that they can better interpret your host’s intentions.

NEED TO KNOW

Your Polish counterpart will appreciate you going to the trouble of learning a few simple phrases, such as:

Dzien dobry [djen dobbree] – good morning
Do widzenia [doh vidjenya] – goodbye
Dziekuje [dje-koo-yeh] – thank you
Tak [tack] – yes
Nie [nyeh’] – no
Jak sie masz [yakshimash] – how are you?
Nie rozumiem [nyeh’ roe-zhoo-myem] – I don’t understand
Nie mowim po polsku [nyeh’ movvim poh’ polskoo] – I don’t speak Polish
CASE STUDY: Getting to know Poland’s business culture
John Martin, Sales Director, Playprint

Playprint’s core business is providing number-based security print offerings to the gaming, telecoms, lottery, bingo and advertising industries. Selling in over 40 countries, it set up a separate company, Playprint Polska, in 2004. Its primary business in Poland is in providing advertising agencies and retailers with innovative promotional games designed to build brand awareness, encourage repeat purchase and link with social media, mobile and the web.
www.playprint.com

How did you approach the Polish market?

We took the decision to go straight away and set up a company, Playprint Polska, which is jointly owned by both Playprint Ireland and two entrepreneurs we had interviewed after placing an advert in the Polish media. We did that, rather than have any bedding-in period, because we saw that these guys had a direct ‘in’ with many of the potential customers we were seeking to do business with. Over time it has gone very well. By becoming equal partners and shareholders, it gave the guys the right opportunity for success: it was in their interest as much as ours that the business grew.

Having people who are well connected is very important. They concentrate on regular lead generation campaigns where they’re constantly in touch with people. We find the Polish people are open to new ideas and keen to take any new ideas they see which can give them a competitive advantage themselves. I would have no hesitation in recommending the Polish market. If there’s an opportunity for your product, you should go after it.

What have you noticed about Poland’s business culture that’s different to our own?

While the Poles and Irish do get on well, there are quite definite cultural backgrounds that have to be taken into account. They always do things in quite an official manner. Things have to be done in a very exact fashion. I would say that the Polish are quite disciplined in their approach to business. I think only when they go abroad do people in Ireland they realise how easy it is to do business here, where there’s quite a lack of process followed.

To actually get the company set up, I remember at the time we had to spend a considerable amount of time in the Polish embassy and get the paperwork – and all the formalities around that – done. There was a lot of paperwork! We used an attorney who had been recommended to us to get the necessary paperwork in place. It did help having the two Polish guys and their being able to speak and converse with us in English.

There are certainly a lot of strata involved in companies in Poland. Because we had people on the ground, some of the preliminary discussions were able to take place prior to my going to meetings there… that meant I tended to meet up with people at senior level which was fortunate in our case.

What lessons should other Irish companies be aware of?

Any attempt to take shortcuts in Poland won’t work. You have to be extremely conscious of what you’re agreeing to undertake to do, and once you have agreed requirements, you stick rigidly to them. You’re better off to get all of that written down and in detail. It doesn’t have to be a weighty document but you do have to capture all of the elements of the contract.

In all elements of business, there will be occasions when things go wrong. In Ireland, we manage to find an understanding to solve a problem. When things go wrong in Poland, both our agents and the clients, I suppose they’re quite unforgiving: they stick to detail and expect things to be absolutely correct and probably would consider anything less than 100 per cent as insufficient. We ourselves have quite strict conditions and processes in place and we’ve had to apply those strict procedures for anything we’re doing in the Polish market.

One of the byproducts of the recession is that there are fewer transport companies available to take stuff to Poland. Whereas before, you could ship twice a week to Poland now many
transport companies are offering weekend batch delivery only. That has had a knock-on effect on our delivery times. If you’re dealing with any foreign market, you can’t use the excuse of ‘we’re in Ireland, it’s going to take longer’. Currently we have two very major contracts going through and the deadlines are paramount. It’s only by agreeing to meet those deadlines that we succeeded in capturing that business.
STARTING IN THE POLISH MARKET
3. Starting in the Polish market

“\textbf{You have to be in the market, you have to be seen. We would visit the market once a quarter. In the early days we were over there a lot more frequently and that was deliberate. In 2010, when we started, I would have been in Poland 10 times for a week at a time. There's no question – the business wouldn't have happened if we weren't out there a lot.}”

Tommy Kelly, Sales Director, Technical Engineering Group

\section*{Introduction}

For a relatively 'young' country in modern terms Poland has grown quickly to be one of the top 10 trading partners for Irish exporters. In the past decade the Polish economy has grown faster than most European economies. Even the language issue is less of barrier than with other countries due to the high numbers of Polish people living in Ireland – more than 120,000 according to the 2011 census. This gives many Irish SMEs a distinct advantage because they may have easy access to translation services, potentially within their own workforce.

Given the strong relationship-based business culture in Poland, Irish businesses should use the country’s proximity and ease of access as an advantage to see the market first-hand as frequently as schedules allow. This is especially important in the early stages when meeting prospects for the first time, or looking to build links with local partners.

\section*{Geography}

Poland is the seventh largest country in the EU, occupying a landmass of 312,679sq km. The capital Warsaw (Warszawa) has a population of 1.7 million, rising to 2.5 million when the outer region is included. Otherwise, the cities in Poland have fewer than 800,000 inhabitants each. There is a large spread of medium-sized cities, reflecting the regionalised nature and size of the country. Other major urban centres include Kraków, Łódź, Wrocław, Poznań and Gdańsk.

\section*{Getting there}

Poland is extremely accessible from Ireland with several flights, mostly from Dublin but also from Shannon and Cork, to 12 destinations (of which two are in Warsaw). Flights are often daily or at least several times a week and the duration to most locations is around three hours. Poland is on Central European Time, one hour ahead of Ireland, so you should keep in mind that it will effectively take half a day to travel there, and another half day to return.

As with most major capitals, Warsaw itself can be prone to traffic congestion and there are on-going road works with a new underground line being constructed. If your next meeting is also in the city, it may be quicker to use the tram or subway instead of having a car waiting for you. When planning a visit involving multiple stops, your itinerary should factor in a good deal of time for travelling between major cities and towns, as the country runs 876km from North to South and close to 700km from West to East, and many of the roads are still single-lane highways.

When your business reaches the stage of needing a more permanent presence in Poland, you need to conduct due diligence as to where you should establish a base. Consider factors
such as availability of skilled labour, availability of office space and transport links. (See the market research section below for links to online sources for investors.)

- Warsaw is a hub for ICT, telecoms and financial services
- Wrocław in the South-West is a key manufacturing base for the likes of the electronics industry
- There is a strong Irish presence around Wrocław, thanks in part to the presence of multinationals in the area which are a key client base for many Irish firms
- Utilities are mostly clustered between the cities of Poznań and Gdańsk, although water utilities are more widely dispersed throughout the country
- Gdańsk is also a major European seaport
- Poland’s agricultural sector is mainly spread across the North and West
- The region around Silesia (Katowice is the administrative centre) has more than 5 million people living in a 50km radius. It used to be the centre of heavy industry including coalmines and steel mills
- With that industrial era over, the Polish Government is trying to fill that gap and Silesia is now a centre for the automotive industry with the likes of Fiat (which recently shipped its millionth car from Poland) along with Opel, as well as other suppliers.

Market research
The key to being successful in any export market is preparedness, and Poland is no different. Thorough research will help you to identify whether there is a niche for your company. That’s particularly important in the Polish market where price sensitivity is an issue and you’ll need to add considerable value or provide some unique selling point in order to retain margin.

Market intelligence is crucial in Poland. You may risk losing a contract if your competitors are doing something you’re not aware of, such as special discounts or a targeted sales campaign.
This means keeping in contact with the market, talking to partners and customers regularly and not just focusing on your product but having a much wider discussion. Irish companies have found Polish organisations very willing to have this kind of dialogue and provide competitive information.

Before visiting the country, early-stage desk research of the Polish market is a must. It’s greatly helped by a wealth of up-to-date economic and market data, much of it available in English. When undertaking market research, it’s worth looking to answer some of the following questions:

The Market Landscape - What is the size of your target market? Is it dominated by a few strong players or fragmented with many small competitors?

Market Trends - What are the current market trends for the sectors you will be targeting? If there is an obvious gap in the market, find out why: it may exist for a reason.

Target Market - Are you very clear on your target market? How does your target market make buying decisions? Who are the relevant decision-makers – job title and responsibilities?

Market Segmentation - Who are your most probable customers, where they are located, how and what else do they currently buy, who are their influencers and what ‘need’ are you fulfilling?

Market Competition - Who are your rivals in the market and how do their offerings compare with and differ from yours? How does your current customer/client satisfaction with your products or services measure up to that of the competition in Poland?

Market Research Resources - Being abreast of local market trends, especially in your sector, will help enormously when it comes to building your knowledge about the Polish market.

Here are some websites that will help you to source industry-specific information and market data:

www.paiz.gov.pl/en
The Polish Investment and Foreign Development Agency, PAiZ, maintains a very thorough website in English with a wealth of regularly updated information aimed at attracting overseas companies to do business in Poland. It covers a wide range of subjects such as how to do business in Poland, the legal aspects of investing in the market along with extensive profiles of important sectors in the economy.

www.stat.gov.pl/gus/index_ENG_HTML.htm
The Polish Central Statistics Office (GUS) has an English-language website. It’s particularly strong on data about prices in the national economy, indigenous production of major industrial products, employment rates, and it publishes a monthly update with key statistical indicators.

en.poland.gov.pl
This is the Polish Government’s official promotional website and it contains a range of information about the country in English. It has sections dedicated business and an investor’s guide that includes a searchable list of business partners, divided by region.

www.google.pl
Rather than using the Irish version, visit Google’s Polish homepage to get more relevant search results. A good tip is to combine it with Google’s Translate tool: translate the keyword you want into Polish, and then use that as your search word.

www.dublin.trade.gov.pl/en
The Polish Embassy in Dublin’s trade and investment promotion section publishes information about business opportunities, advice on investing in Poland and has regularly updated reports on the economy.
www.WBJ.pl
The Warsaw Business Journal is an English-language site offering extensive coverage of commerce as well as broader economic and political affairs: a good grounding for market context and trends.

www.thenews.pl/
This news website, maintained by Polish Radio, has a dedicated business section and also has an audio podcast for listening to news on the go.

www.doingbusiness.org/data/exploreeconomies/poland/
The World Bank maintains a comprehensive site with yearly updates about the ease of doing business in the countries it tracks, along with detailed breakdowns of the time and effort involved in going through certain business procedures and registration processes.

This is a study of Poland’s economic performance in 2012.

Key economic indicators for Poland.

NEED TO KNOW

Enterprise Ireland’s Market Research Centre offers client companies access to market intelligence in the form of company, sector, market, and country information to explore opportunities and compete in international markets. Please visit www.enterprise-ireland.com/en/Export-Assistance/Market-Research-Centre/ for more information on the market research facilities available, and for a database of sector-specific information that will indicate whether there is research available for the market you wish to target.

Business networking resources in Ireland

Other valuable points of contact are the Ireland-Poland Business Association (www.ireland-poland.com). Operating from the Polish Embassy in Dublin 4, this group’s remit is to promote bilateral trade. Through the site, registered members can access up-to-date market information and analysis, as well as links and contact details to help your business sell to Poland. It also can facilitate introductions to important figures in Irish and Polish business circles.

The Irish Chamber of Commerce (www.icc.org.pl) is an independent non-profit group which develops bilateral trade and investment between the two countries. It offers ways to promote Irish companies in Poland and runs business networking events.

A newly formed organisation, the Ireland Poland Chamber of Commerce, was set up in 2011 by three honorary consuls to Poland based on the island of Ireland. It has begun publishing a quarterly magazine profiling opportunities between the two countries, available for free download from the group’s website (www.irelandpolandchamber.com).

The Irish Polish Society (www.irishpolishsociety.ie) meets regularly in Dublin and, while it’s primarily a cross-cultural organisation, the group also hosts a business forum.
Presentations in Poland

Unless you are told to the contrary, you should assume your presentation will be through Polish. Always check in advance what language will be spoken at the meeting: don’t assume that if you are communicating with someone’s PA through English that it follows the meeting will be in English too. This may not be the case. Enterprise Ireland will advise or recommend translation or interpreting assistance. It’s also worth conducting a skills audit by checking the CVs of Polish staff you may employ, as they could have relevant skills aside from fluency in their native language.

- Double-check arrangements if you are organising a business promotion event. For example, if you plan to make a presentation, ask in advance whether there will be a computer, a screen and a projector when you arrive
- You may get quite a number of people attending the meeting, so it’s a good idea to print out hardcopy versions of your presentation as a useful back-up – especially if the group is larger than you were expecting
- Polish people respond more favourably to facts and data of a high standard, rather than a general marketing spiel and hype
- Generally, presentations in Poland are given through PowerPoint or similar software
- Poles expect supporting promotional materials to be of a high factual standard, and to include slides and tables
- Make your presentation specific to your customer. Focus on individual aspects of your product or service, depending on what you’re trying to sell to that particular prospect
- Ideally, show proof of how your product has sold in the past. Your claim must have substance.

NEED TO KNOW

When navigating Polish corporate structures, it’s a good idea to ask secretaries or administration assistants for the person responsible for a particular function in the organisation. The reason is that titles and responsibilities in Poland may be more fluid in character and they may be misleading so it’s worth asking around the company. If your prospect is a well-known company, Enterprise Ireland’s Warsaw office may already be familiar with the corporate structure and some of the key buyers and decision makers.

Building market presence

At the point of entry into Poland, it is likely that your company or brand may be almost totally unknown in the marketplace. This potentially means having to spend more on marketing than your competitors, especially domestic ones. The most effective way to invest your marketing budget is to test the Polish market for a specified time limit using an integrated approach from some of the following options:

Trade fairs

Many Irish firms have found trade fairs in Poland a useful way to meet prospects and introduce their brand to the market. There are conference venues around the country,
covering a wide range of sectors. A useful website to consult is www.polfair.com.pl/index.php?lang=en, which is run by the voluntary group Polish Chamber of Exhibition Industry. The site includes a calendar of events, lists some of the leading fairs and provides statistics with a breakdown by sector, number of visitors and number of exhibitors (both foreign and domestic).

**Hard-copy marketing material**

Corporate marketing material is important in establishing your credentials for Polish prospects, and they are a useful sales tool at events such as trade fairs which may play some role in your initial market building. Brochures should be translated into Polish and should include an overview of the product or service you provide, contact details, and if possible, some endorsement by a significant customer. Just as with presentations, your marketing collateral should focus on the benefit to the customer rather than the features of your offer.

**Online**

It seems obvious, but when you are entering a new market, it is essential to update your website to accommodate international enquiries and purchases/sales. A good website will serve as your corporate brochure and prospects will usually go straight to it to check you out. The website need not be loaded with information, but should be cleanly laid out with up-to-date information. It’s a good idea to have a Polish-language landing page and some news or information customised for a Polish audience.

Use customer endorsements where possible, and photographs to show your products or services being used

Use search optimisation and search engine marketing techniques

Consider setting up a local .pl domain to make sure Polish prospects can find your website easily, and to reinforce the idea that your service is local

Maintaining an up-to-date website allows you to:

Make contact with potential customers before leaving Ireland

Reach Polish customers cost-effectively

Introduce, promote and demonstrate new products.

**CASE STUDY:** Starting in the Polish market

**Jackie Browne, Commercial Director, Athlone Extrusions**

Athlone Extrusions Ltd is a privately owned, independent manufacturer of thermoplastic sheet and films. Founded in 1971, the company’s 14000 sq.m manufacturing facility currently produces 25,000 tonnes per year. It has sold into the Polish market for more than a decade, primarily shower ware or bath units and supplies interior trim of tractor cabs and off-road vehicles to the automotive industry.

www.athloneextrusions.ie

**How did you start in the Polish market?**

We started with a distributor that got our name out in the market, and it went from there. We gave them exclusive rights for the first year and then appointed a second distributor. Our distributors Tuplex and ThyssenKrupp have many distribution outlets in Poland. They look after smaller accounts, such as retailers doing point of sale activity who might want small quantities of our sheets. We would then deal directly to the big end-users who buy generally in lots of between 5 and 20 tonnes at a time. A lot of those large customers want to deal directly; they don’t like to deal with a middleman. Currently, we do €3-4 million-plus in sales to Poland – about 5-6 per cent of our total annual turnover.
How did you build a sales pipeline in the market?

At the time, we assigned our business for Central Europe to an agent based in Austria. He would spend about a week per month in Poland: he drives around and he’s on the ground. We go to all sorts of exhibitions – especially small, regional exhibitions.

Even through the internet we get enquiries and we follow them up. We get our literature and product manuals out to those prospects straight away, if we don’t know them. Another thing that’s successful is inward buyer events. We certainly wouldn’t underestimate the value of bringing prospects to Ireland. Polish people love coming here. Ireland is an attractive place to come. You want to show them your operation is big, and it puts a different complexion on things. It generates confidence for them in your ability to supply them.

We wouldn’t advertise hugely. Very often we support our end customers if they’re doing an advertising campaign. We find a presence in the market is more important: to be visible out there. When our agent goes to look at an opportunity, we will get a technical or a market development member of staff into that account within a week.

What challenges have you encountered in Poland?

Our business fluctuates quite a bit, as the market is very sensitive on price. When we started, there was only one other company doing what we do; now I could name ten from Germany and Italy so it’s become extremely competitive.

The cost of freight into Poland is going up all the time. It’s a lot more of a significant factor than it was. If you go into a niche market you’ll get your margin but if you go to a high-volume market, it’s all about price. If somebody undercuts you – and that could be the difference between €3,000 per tonne and €2,950 per tonne – they’ll get the business.

Freight in Poland is around €50 a tonne. It’s costing us €150 a tonne to get material from here over to there. If your added value is good enough to absorb that, it’s OK but all the time you’re trying to develop more value-added products to keep ahead of the posse. One of our strengths is our computerised colour lab which carries 12,000 colours: we tend to get that business and we would get our margin there. We started by selling a lot of polystyrene in Poland but now we can’t make a margin on it.

What advice would you give to other Irish companies considering the Polish market?

You’ve got to wear the shoe leather. They want to see you. You don’t do business development and sales by phone or email. A lot of the places are remote and can be difficult to get to, but they really appreciate the effort that you’re going out of your way to see them.

When it comes to what you have agreed, put it in writing: that’s absolutely critical. In Poland, they like to have everything that way. It’s good practice for our own purpose as much as anything – the record is there. We should do it everywhere. Most European countries want that now. We put it in writing in English and Polish to our customers, purely because we have the access to Polish staff in Ireland who can translate it but if we didn’t have that, we would probably employ somebody to do it.

We have had a good experience in Poland. We like the market and we’ll work to hold on to what we have and we’ll work to try and build it. There are opportunities there. It’s a big market, a big population and it is going in the right direction: there’s a lot of investment going on."
ROUTES TO MARKET
4. Routes to Market

"We’ve been in Poland for 15 years and it’s been one of our best markets; our share there is better than in many other countries and I would suggest it’s because of the outward-looking nature of the people. The Poles are prepared to look for the most competitive offer. If you can bring a relevant product to the market at a price that gives them the opportunity to make money, they’re open to dealing with foreign companies."

Simon Sheridan, Commercial Manager for Europe, Barclay Crop Protection

Introduction

In this chapter, we look at some of the possible ways to sell to the Polish market, including direct sales from Ireland, via distribution or local representatives that are either independent agents or direct employees. Polish customers – especially in traditional sectors like agriculture – like to feel your company is reachable just as a local supplier would be, particularly for after-sales service. That makes your choice of route to market a critical one to give your business the best chance of success.

Direct sales from Ireland

From a logistics standpoint, it is possible to serve the market from your Irish headquarters and transport products onwards within Poland. If you intend to sell from Ireland into Poland, you need to ensure you can visit the market regularly and be seen to be present there – either virtually through a partner, supported by regular visits by senior management, or by an employee of your company based permanently in-country. Partners may be best suited if your product is knowledge-based, but for physical goods a distributor may be more appropriate.

Commercial agents

Working with a commercial agent or partner is a common way to start in the Polish market, as it can reduce the risks for an Irish company by providing a presence on the ground – and therefore additional reassurance and service that local customers require. Many agents in Poland operate on a commission-only model and they are prepared to invest in a business relationship with an Irish company because the advantage for them is that they build up their own portfolio.

Enterprise Ireland can assist with sourcing agents, and there are several official online listings including the Polish Chamber of Commerce Matching Business Partners scheme www.kig.pl/index.php. The official Polish Government site also has a directory of partners, searchable by region (en.poland.gov.pl/Find,business,partner,[by,region],6358.html).

NEED TO KNOW

As with most business dealings in Poland, a formal written document is useful, if not essential. It’s good practice to get a contract drawn up for an agreement with a partner that will eliminate ambiguity and leave no room for different interpretations, by setting out clearly the expectations and obligations for all sides. It’s not expensive, so cost should not be seen as an obstacle to taking this step.
CASE STUDY: The local agent’s perspective
Tomasz Praglowski, Entrepreneur and representative of Gadgetsaver

Gadgetsaver is an Irish start-up which has developed a product for rescuing portable electronic devices that have fallen into water, and for protecting them from damage. In 2012, it began looking at the Polish market for expansion and engaged the services of a local agent to develop its sales channel and raise awareness for the product.

I act as an agent in Poland on behalf of Gadgetsaver. I have my own company which was set up last year and my company started to co-operate with Gadgetsaver since last year. We communicate often via Skype and email. When we started, we were in touch almost every two days. Now we are in contact on a regular basis – once or twice a month is enough now because I know the product and I know the strategy.

My new role taps into the experience I gained before, when I worked for international pharmaceutical companies in Poland. I was responsible for sales and marketing activities and discount policies, and I had a lot of people reporting to me. It was useful because I gained experience in co-operating in the international business field, and I also had great experience in working through English.

My work is in two areas: to create demand for Gadgetsaver from the consumer side and the second was also to have a product on the shelves. I think the best possible way with limited resources was to set up an online shop, dedicated only to Gadgetsaver. We are also starting to build a network of stores and we are talking with FMCG and mobile phone operators in Poland to have the product on their shelves.

In the meantime I was also looking for PR activities. With my local PR agency, called expertPR, we sent the press release to several IT and other newspapers and other online portals. Co-operation with PR agencies in Poland is very cost-effective. They often work on a monthly fee basis.

Local PR agencies have a wide view of what’s going on in Poland. They know a lot of players in the market. You have to consider where you want to go, such as in the IT, pharmaceuticals or life sciences fields and then you have to contact specialised PR agencies if you are new to the market.

As well as press releases, I also put information about Gadgetsaver in forums and blogs and the information was focused on naturally happening situations such as when you drop your smartphone into water: this created the awareness that the product should be with you before that happens. In places where it is allowed and free of charge, I input the information. This is not instead of the PR agency: it complements and builds on the communication plan with our customers.

When you begin your business in Poland, you have to deal with the costs – distribution costs and marketing costs, for example. It could be a problem for an Irish company to have material translated into Polish so this could be made by a local distributor or a local agent. Of course, you have to share costs but at the end of the day, at the early stage of launching the product, it’s an acceptable level of cost for the Irish company. And for example if you have a media plan, sometimes it’s impossible to look at the data in Dublin with no input from a local partner.
CASE STUDY: The sales process in Poland
Tommy Kelly, Sales Director, Technical Engineering Group

Operating from its headquarters in Mullingar, Co. Westmeath, Technical Engineering Group designs and manufactures bespoke precision engineered parts to order for customers in the transportation, pharmaceutical and engineering sectors. It set up in Poland in 2010, supplying packaging and processing equipment, mainly to the pharmaceutical sector. www.teg.com

What has been your experience of the Polish market?

We found Poland very interesting and very worthwhile. You have to sign up to working with contracts: everything has a contract and the paperwork takes time. You have to understand that you really need to have everything on your contract written down, and that includes payment terms and conditions, for example, if there is staged payment during a project.

How have you found the sales process in Poland?

You have to be in the market, you have to be seen. We would visit the market once a quarter. In the early days we were over there a lot more frequently and that was deliberate. In 2010, when we started, I would have been in Poland 10 times for a week at a time. There’s no question – the business wouldn’t have happened if we weren’t out there a lot.

We used an agency originally on a monthly retainer and then a commission basis. They got us a lot of names of people in companies and documentation but they didn’t help us get across the line: they weren’t technical enough. We found the agent through a few contacts in Poland, and the selection process and criteria probably weren’t rigid enough. The main reason we parted company was because they had a change in personnel.

I would say that you’d have to have somebody on the ground in Poland. In September 2012, we were introduced to a Polish national through Sigmar Recruitment, and he’s become a direct employee of TEG. By hiring an employee directly in Poland, we had someone who brought a whole load of contacts and who was industry-specific. There was no need to set up a Polish entity; we just employ the person from Ireland.

That has greatly increased the level of sales intake and it has also greatly assisted with the communication, which would be an issue sometimes. You need to know how the customers operate and the guy on the ground knows this better. He’s in a position to sit them down and make them understand that, maybe, some of the inhibitors to the success of a project might be on his opposite number’s desk and they need to sort that out.

What tips would you give to Irish companies thinking about the Polish market?

The cost of visits to Poland was acceptable but in terms of hotels we found it was no cheaper than Germany, for example. Flight prices were ok but you’re losing a day each way because of the times of flights. The trains are reasonable at best. There’s a lot of travel involved and it’s not cheap.

At the beginning, I used to hire a car. I sometimes found I would finish a meeting at 6pm and have to drive four and a half hours to the next town for my meeting there the following morning. A week over there is really tough work and if you’re going in the winter months you’ll be driving on a lot of ice and snow. You have to have your car full of fuel before you go on the motorway, as there aren’t a lot of service stations on those roads."
Distribution

Unlike agents which typically perform a business development role, distributors will most likely hold stock of your product, if necessary, to ensure timely supply within Poland. Your strategy in the market should take account of whether your business is best served by a nationwide, broad-based distributor that may need a major incentive to promote and sell your product over that of a competitor. A smaller, more focused operator may be a better option to ensure sufficient supply of your product to a particular customer segment – ideally without sacrificing too much margin in the process. Enterprise Ireland focuses on assisting distributors working with Irish companies and can help with organising inward buyer visits.

Normally with a distributor, targets are set and both parties will work to achieve this. In certain sectors, a distributor will also take the responsibility for the process of registering your company’s product, if necessary, and may also be responsible for pursuing tenders and completing the necessary documentation to on behalf of the Irish company as part of that bid.

CASE STUDY: Working with distributors in the Polish market
Simon Sheridan, Commercial Manager for Europe, Barclay Crop Protection

Barclay is an independent Irish-owned manufacturer and supplier of post-patent agrochemicals such as herbicides and fungicides. The company has been in business for more than 30 years. It employs 50 people and its annual turnover was €48 million in 2012. Barclay has been selling to the Polish market for 15 years and the country represents a significant portion of its business.

Why did you choose Poland as an export market?

It’s a very significant agricultural market in Europe, probably worth €500 million in terms of the total size of crop protection – it’s the fourth largest in Europe. Our sales are quite aligned with that in terms of percentages.

We’ve been in Poland for 15 years and it’s been one of our best markets; our share there is better than in many other countries and I would suggest it’s because of the outward-looking nature of the people. The Poles are prepared to look for the most competitive offer. If you can bring a relevant product to the market at a price that gives them the opportunity to make money, they’re open to dealing with foreign companies and I would contrast that with other countries that are more inward looking. They’re quite straightforward to do business with but the market is quite price-sensitive. At the same time, they recognise quality and branding does have a part to play.

What’s your business model for the Polish market?

We don’t get involved in distribution and we don’t employ in-country teams: Dublin is the only office we have. In markets like Poland, we’re a supplier so it changes our marketing position. The business model is, we develop the formulation, register it, source the raw materials, formulate them and deliver the finished product to the distributor. We bring the product to the distributor who effectively puts the marketing spin on it for the local market. For example, they might use the Barclay product in a particular way for certain conditions, because they’re in touch with local needs.

Our distribution in the country has evolved and the companies we sell through every year changes. Last year we had eight distributors and now we have six. Our distribution position has become stronger as we’ve proven ourselves in the market and the products are now recognised.

At the same time, we’re probably handing over some of our margin by doing this, but for us, it’s very important to sell to a select few that will market the product the best. We could sell to a lot more people but that would cannibalise the business and reduce prices and margins for
everybody. Each transaction we would have is typically large, so those deals are negotiated on a face-to-face meeting basis as the season develops. Typically, we visit three or four times a year, before and after the main seasons. I handle negotiation and price setting in advance of the season.

How do you choose your distributors?

The criteria for choosing a distributor are that they need to be quite large and capable of doing significant volumes to warrant us doing business with them. We want to avoid the image of ‘Barclay sells to everybody’, and our distributors appreciate that we do this.

The other criteria are that they maintain the price of the product. Another important factor is the company’s marketing ability – some are very aggressive marketers which can make things unworkable for our other channels. Others use technical advice and get a good price – typically this is a better long-term approach. They are geographically segmented: our primary target areas are the north and west of the country, and our customers are spread along that axis but all of the distributors would be typically national in focus. It’s also worth saying we don’t sell all our products to all distributors. With our Diquat product for potato crops, we use two distributors rather than all six. Is six the magic number? It’s a dynamic thing, and it’s changing all the time. It feels like the right number at the moment.

Selling to the Government in Poland

Poland is a republic and its structure of local government is decentralised. There are 16 Voivodships or provinces, further divided into 314 smaller counties or Poviats, and 2,479 municipalities. Since 1999, these layers were reintroduced as part of a restructuring programme aimed at decentralising state functions and allocating local budgets separate from the State expenditure. Some Irish companies have been successful in bidding for work at the municipal level. There are no barriers to EU companies participating in tenders for large-scale public projects in Poland. However, in the past, Irish companies have found the regime difficult to operate. Although the sector is more open than it was before, it should be approached with a high degree of caution.

Setting up an operation in Poland

Poland makes great claims for its levels of inward investment and the country works hard to create an environment for international companies to set up operations. The low cost of doing business compared to other countries in mainland Europe makes the country especially attractive. Parts of the country have specially designated economic zones and there may also be grants available. However, there may be particular terms and conditions attached to these incentives, so you need to check carefully if the offer is appropriate for your medium- and long-term business strategy for the Polish market.

CASE STUDY: Managing an operation in Poland
Jim Costello, CEO, SouthWestern

SouthWestern provides front- and back-office services in CRM, finance and HR, public sector and financial services to public and private sector clients in Ireland, the UK and Europe. It employs close to 700 people at delivery centres in Clonakilty, Ireland and Lodz, Poland.

www.southwestern.ie

Why Poland?

“...We saw the need for an international presence and we needed access to good language skills and to an educated and fairly large workforce because we are a manpower-intensive business. We evaluated many countries and we decided on Poland because of the huge
upside in the Polish economy. There is still a large proportion of the population that is still rurally based. There’s a lot of employment potential without causing inflation.

We opened up in Poland in 2007. Our primary reason for locating there wasn’t about looking for grants and incentives, although they were available. Already the cost of doing business there is very good: I would say at least 50 per cent lower than much of the rest of Europe. SouthWestern has grown significantly over time and Poland has been an important part of that.

How have you found the infrastructure for setting up an operation in Poland?

In terms of setting up telecoms, finding a building, getting the company registered – all of that was fast and easy to do. What slowed us down a little bit was that accounts need to be produced in both languages, and there are different formats and different signature protocols. I would describe the bureaucracy as mostly affecting finance and legal, and relative to the advantages of being in the market, they’re pretty small considerations.

If any company is going to go international, they have to be prepared for this in every country. It’s being prepared to understand the different laws and work with them. Just because it’s different makes it seem more difficult than it is.

One other point: the Irish community in Poland, Enterprise Ireland and the Irish Embassy in Warsaw are hugely helpful, and they are a route into the strong Irish and expatriate group that’s in Warsaw. If you access those networks, it really speeds things up for finding out about recruitment agencies or finding out about the legal obligations in Poland.

What should Irish companies watch for in recruitment and HR in Poland?

Our staff in Poland fluctuates from 150 to 200 because we do seasonal work in the tourism sector. So we knew that at the start and we needed flexibility in our employment agreements. Once we put those requirements down, we weren’t caught out when seasonal downs came. So my advice would be: be agile – the environment in Poland permits you to do that.

The people are fantastic – well educated, proactive about wanting to do business, commercial in their orientation and they’re loyal. They work very hard. There are a small amount of hidden costs that you don’t immediately see when you look at salaries: things like vacations or holiday allowance, or the way taxes are paid on cost of labour – which can amount to an additional month’s salary. There’s a reasonable balance struck – I wouldn’t say the rules favour either employee or employer. We don’t even think about it; it’s not so much an issue.

In terms of skills, the likes of technology skills are in demand globally, so you should expect significant demand in Poland just as much as anywhere else… local rules may not apply to every skillset.

What’s the secret to making a success of having a Polish office with local employees?

From a communications standpoint, you should treat the Polish employees exactly the same way as your employees in Ireland. You should create a bond between them by sharing people between locations. When you do that, it’s also about making their travel as easy as possible. You also need to ensure your communication is balanced and ensure there’s always goodwill to all members of staff. Look to create social occasions, and as many possible social links between staff on both sides. It’s not just work during the day – it’s also about the event in the evening. All of those are opportunities to socialise so in the cut and thrust of a normal work day, they will help you to get the work done better. It creates strong loyalty to the brand of the company.

That direct emphasis requires a lot of visits to Poland. You’ve got to go on the ground and make people feel they’re equally important to staff in other locations. That means working and travelling and being there and giving the ‘town hall’ meetings.
LEGAL ISSUES IN POLAND
5. Legal issues in Poland

“I would describe the bureaucracy in Poland as mostly affecting finance and legal, and relative to the advantages of being in the market, they’re pretty small considerations.”

Jim Costello, CEO, SouthWestern

Introduction

Since the fall of communism, Poland has moved to become a more open international economy and is shedding many of the previous bureaucratic layers as it does so. In 2011 and 2012, the country’s Government removed several of the steps that had been required for tax compliance. The process of establishing a ‘daughter company’ in Poland has also been simplified recently. The latest 2013 World Bank ‘Doing Business’ ranking shows the fruits of these efforts, with a rise of 19 places to 55th place in terms of ease of doing business.

Be aware, however, that some of the processes remain more bureaucratic than we are used to in Ireland. As outlined in earlier chapters, there is a high degree of formality and contracts are used in many business settings. The amount of paperwork is significantly greater than companies would be accustomed to in Ireland although seasoned exporters say it’s not dissimilar to other countries in this respect.

Poland’s legal system is based on civil law where everything is codified, which also presents a different environment to the common law Anglo-Saxon model with which Irish companies are familiar. When you are serious about making progress in Poland, avoid getting caught up in those differences by seeking good legal advice, as appropriate. The guidance below is an edited extract from material provided by Trinity Corporate Services Ltd and Trinity Shelf Companies Ltd, a provider of outsourcing services in accounting, payroll and corporate secretarial services in Poland, Romania, Bulgaria and Czech Republic (www.trinitycs.com).

NEED TO KNOW

Under Polish law, use and operation of powers of attorney are much more extensive than in Ireland. A person acting on behalf of a company in Poland must be fully empowered to do so in areas such as signing contracts. While this is not necessary when you are just making sales presentations and conducting business development, it will become very relevant when you or your representative has to transact business on your company’s behalf.

There is a higher level of proof required in Poland in terms of corporate responsibility. You need to produce some form of documentation to show that you are legally empowered to act on behalf of your company. There are notary publics in Ireland, but even those notarised documents will require apostillisation by the Department of Foreign Affairs and Trade in Dublin (www.dfat.ie). You should give sufficient time to obtaining this proof before you travel. On the positive side, it removes the possibility of a competitor challenging the validity of any contract you subsequently sign.
Company forms

If you have a long-term commitment to the Polish market, then the most common company forms to use are an LLC or joint-stock company. When you are at the stage of testing the market, there are other ways to do business. Foreign investors may also use either a branch or representative office for conducting business activities in Poland. In general, a branch allows a company to conduct business activities in Poland similar to its head office.

- A branch is registered in the National Court Register under the name of the foreign investor, together with its legal form translated into Polish, with the extension ‘branch in Poland’ (Oddział w Polsce)
- A branch may only conduct activities within the scope of business of the foreign investor who establishes the branch
- A branch office is, however, required to maintain a set of accounting records in Polish in accordance with the Polish Accounting Act and comply with monthly and annual tax reporting for VAT and corporate income tax

A representative office however, is for marketing purposes only. You can submit the necessary documents and statements online at Poland’s Central Registration and Information on Business (firma.gov.pl). Designed to remove some of the administrative burden of doing business in Poland, the site is free of charge to register and a version is available in English.

- A representative office may only conduct activity in the area of promotion and advertising of the foreign investor who establishes the entity
- Representative offices cannot carry out any other economic activity
- Such an office is registered in a register kept by the Ministry of Economy
- A representative office operates under the name of the foreign entrepreneur, together with the extension "representative office in Poland" translated into Polish
- A Representative Office must maintain a set of accounting records in Polish. There are less stringent tax considerations and compliance issues because of the nature of the business
- Input VAT will be non-recoverable as such entity has no income, while an annual corporate income tax return, as a minimum, must be completed and submitted.

The most commonly used legal forms available for conducting business in Poland are the following:

- Limited liability company (spółka z ograniczoną odpowiedzialnością – Sp. z o.o.)
- Joint-stock company (spółka akcyjna – S.A.)
- Registered partnership (spółka jawna – sp.j.)
- Limited partnership (spółka komandytowa – sp.k.)
- Professional partnership (spółka partnerska – sp.p.)
- Limited joint-stock partnership (spółka komandytowo-akcyjna – S.K.A.)
- Sole proprietorship (indywidualna działalność gospodarcza)

In legal terms, the time needed to establish a LLC in Poland is considered as the registration of the articles of association with the Court. This can take 3-4 weeks, assuming a smooth process and all preliminary documents are available and accurately completed.

However, such entity has certain other formalities to complete before it can be considered fully functional and in general compliance, namely the setting up of bank accounts and registration with the tax and other authorities.
To have a fully functional and compliant entity may be completed within six weeks up to a maximum of three months. This covers setting up and registering the limited liability company with the National Court; the drawing up of the articles of association; registration with the court, tax and statistical authorities; opening of the company bank account and registration with the Social Security authorities, if necessary. If companies consider such a timescale too restrictive for their planned investments, the shelf company option can speed up the process. Under Polish commercial law, this option is open to every natural person and every legal person to buy a ready-made limited liability company which has been established according to the Polish law. You should use only a reputable provider that can provide extensive warranties and guarantees, and a local law firm may be able to recommend such a provider. Once the shares have been transferred, business activity can start immediately.

**Joint ventures and mergers**

If you find the Polish market is highly saturated in your target sector, or as a way to offer incentives to your prospective business partner, a joint venture may be an attractive option. Mergers in Poland are a specialised area so engage the services of a law firm – contact Enterprise Ireland, or one of the Irish Chambers of Commerce for a recommendation – and carry out appropriate due diligence.

**VAT**

From 1st January 2011, the standard VAT rate in Poland was increased from 22 per cent to 23 per cent whilst the reduced (preferential) rate was increased from 7 per cent to 8 per cent. A new rate of 5 per cent was also introduced for some foodstuffs. Prime Minister Donald Tusk indicated the current VAT rates would remain unchanged to 2016.

- Monthly VAT returns and payments are calculated and submitted by the 25th of the following month
- While taxpayers can submit a quarterly VAT return, payment must be on a monthly basis
- The amount settled with the tax office is the difference between output and input VAT
- Input VAT is generally deductible in the period (month or quarter) the invoice is received or in the following two subsequent accounting periods (months or quarters) but certain goods or services have other time limits for VAT deduction. There is also a list of products, for example fuel for cars, which are exempted from the right to deduct the input VAT
- The excess amount of input VAT over the output VAT can be recovered within 60 days from the date of filing a tax return, irrespective of the character of the acquisition
- This limit in special cases can be shortened to 25. The tax refund is available also for companies not making taxable sales within the tax period. Nevertheless, in such a case the deadline for a VAT refund is extended to 180 days unless the taxpayer provides a guarantee by way of deposit to the fiscal office to use the 60-day term
- All transactions involving VAT should be supported by VAT invoices, which should adhere to specific formal requirements
- Should a taxpayer notice a mistake in their monthly/quarterly returns, they are obliged to prepare a correction of the declaration and, if necessary, pay the liability together with penalty interest
- The tax office has the option to audit tax returns up to five years from the end of the year in which the transaction took place
• During such tax inspections, there is no possibility to correct the returns
• Any underestimation in the VAT liability or overestimation in the VAT repayment can be penalised based on the provisions of the Polish fiscal penal code
• The most common audits are VAT-related and the most common event triggering a tax inspection in Poland is an application for a VAT refund, especially if the amount is over a few hundred thousand zlotys
• If the VAT claimed is lower, or the refunds made on a continual basis, the tax authorities may instead of undertaking a detailed investigation, conduct a limited review, by requesting selected documents
• The tax authorities may also want to verify whether a company's VAT records/accounts lie in with what has been reported on the tax return of its business partner
• These cross-checking procedures are usually aimed at confirming if the two co-operating entities submitted the same documents on which they based their tax calculations. These checks are usually quick, easy and not very time-consuming

**NEED TO KNOW**

Under Polish law, accounting and tax records are required to be maintained in Poland, in the Polish language at the registered address, or a place properly notified to the authorities. During an audit very tight timescales are set for taxpayers to respond to any queries. Failure to respond on time, inadequate or incomplete documentation, or improper accounting records may prolong the tax inspection procedures, cost more and postpone any tax refund. The Management Board has personal responsibilities and liabilities in such matters. It’s recommended that you work with a provider that has extensive experience of tax inspections. Preparation for an inspection, typically before requesting a large VAT refund, is also a very useful step.

**Tax**

Poland’s tax system distinguishes 12 types of taxes, including some of the direct taxes listed below and three indirect taxes (VAT, excise duty and game tax).

- Corporate income tax (CIT)
- Personal income tax (PIT)
- Tax on civil law transactions
- Real estate tax
- Tax on means of transport
- Inheritance and donations tax
- Agricultural tax.

In Poland, there are two tax brackets. The first is up to PLN 85,528 (€20,622) and is 18 per cent less a tax-free allowance of PLN 556.02 (€134.05). The higher rate of tax applies to salaries over that amount and is calculated as PLN 14,839 (€3,578) plus 32 per cent of what is earned above PLN 85,528.
In Poland, both the employer and employee are liable for social security payments. The employer's contribution is quite significant and can add approximately 20.5 per cent to the total cost of employing an individual. The employee deduction is also very significant; after tax and social security, the net amount an employee receives may be 60-70 per cent of their gross salary, while the employer pays out approximately 120.5 per cent of the gross salary. The difference between the amounts paid out by the company and that received by the employee goes to the Government.

Polish accounting standards

The Polish Accounting Act and supporting legal acts are in general intended to be based on International Accounting Standards [IFRS]. As a consequence, the principal rules of both regulations do not differ significantly. Note that IFRS are constantly developing while the Polish Accounting Act is amended only occasionally, and IFRS and their interpretations provide more detailed ‘instructions’ for accountants than their Polish equivalents. Consequently, there are issues which are not regulated at all in the PAS but which have a clear description in the IFRS. In such cases, Polish entities are allowed to act according to international standards.

The good news for Polish companies with foreign capital is that they are allowed to implement IFRS for statutory purposes if the parent companies prepare their consolidated financial statements in accordance with these standards. Companies should nevertheless individually weigh up the pros and cons of this approach.

Traditionally accounting records in Poland were kept purely for tax purposes. This practice is still evident when dealing with smaller, local accounting offices. The concept of management information is limited. Professionally run outsourcing operations should understand that the tax returns are a by-product of the business operations and not the other way around. Changes have been made by the authorities to the format of financial statements and notes which clearly are of little use to the average user and purely to give limited assistance to the tax authorities. An example is the excessive disclosure of related party transactions in the Financial Statements.

HR considerations

In Poland, the employment relationship is based on the concept of mutual consent between the employee and the employer. The employment contract should be concluded in writing though it will also happen simply by allowing a person to work. The Labour Code distinguishes between the following basic types of employment contract:

- Trial period
- Fixed term
- For the duration of a specific task
- For an unlimited period.

The Labour Code also provides for fixed-term contracts covering for the justifiable absence of an employee, such as in a case where they may be incapacitated and you require their role to be carried out in their absence. In Poland, the employer is responsible for:

- Conclusion of a written employment contract, to be carried out before the first day of work or on the first day of work at the latest
• Arranging a medical check-up by a certified doctor before the commencement of employment
• Informing the new employee about the employment conditions within 7 days of employment
• Providing the employee with the internal work regulations
• Registering the new employee with the Social Security Office within 7 days of employment
• Registering the company with the State Sanitary Inspectorate and Labour Inspection within 30 days of hiring the first employee
• Instructing the employee as to the scope of their duties
• Paying the correct and timely remuneration.

Obligation to maintain personal files

Under the Polish Labour Code, all employers are obliged to maintain personal files which should be divided into three sections:

SECTION A: Personal documents regarding the job application
SECTION B: Personal documents regarding employment and employment history in the company
SECTION C: Documents regarding termination of the contract

Essential personal documents are:

• Personal questionnaire, completed at or before the interview
• Copies of work certificates from previous employers
• Copies of diplomas or school reports
• Employee’s tax statements (PIT-2 form, statement regarding annual joint taxation etc.)
• Copy of ID card
• Signed employment contract
• Documentation regarding maternity leave and paternity leave.

Attendance records

A company must maintain attendance records for every employee, detailing normal work hours, real work hours, overtime, nightshift, full paid holiday, unpaid leave, sick leave, child care, business trips, or other absences. The information is required to calculate salaries and benefits accurately. Employees in Poland are entitled to annual paid leave of between 20 to 26 days. Annual holidays are 20 work days for employees who have been employed in total for less than 10 years and 26 days if the employee has been employed in total for more than 10 years.

Sick leave pay

Generally, an employee is entitled to 80 per cent of his/her remuneration for the first and all other days of his absence from work as a result of illness, supported by a doctor’s note, up to the maximum number of days set in the labour and social security law. Employees are entitled to be paid the sick leave if they have been insured (sickness insurance) for at least continuous 30 days (obligatory insurance) or 90 days (voluntary insurance).

Termination of employment

Before terminating an employment agreement, an employer should consider the risk of a labour dispute. Legal advice should be considered prior to taking such action. There are various ways to terminate a contract of employment:

• By mutual agreement of the parties
• Declaration by one of the parties in compliance with the notice period
• Declaration by one of the parties without complying with the notice period
• After the employment period has lapsed
• After completion of the task for which the employee was hired.

There are various notice periods to be considered depending on the nature of the agreement (trial, indefinite, or definite) and the employment periods lapsed. This can range from three days to three months. You can also read more information about employing a foreign national in Poland at the Polish Information and Foreign Investment Agency site www.paiz.gov.pl/polish_law/employment_of_foreigners_in_poland.

Employee’s obligations

An employee’s obligations are to comply with the terms of the contract, which may include the need to follow the orders of their superior at work, observe working hours, adhere to workplace regulations and confidentiality regulations and to inform the employer of any absences from work.
GROWTH SECTORS
6. Growth Sectors

Introduction

Poland’s economy is expected to grow by 1.3-1.5 per cent in 2013, and early forecasts point to a strong rebound to above 2 per cent in 2014. Sound fundamentals such as the well-managed economy and political stability add to Poland’s attractiveness for international businesses. Poland still receives substantial EU structural funds to improve its infrastructure. Between 2007 and 2013, the country received €67 billion which was invested primarily on transportation, environmental protection, innovation and entrepreneurship.

A trend to watch is modernisation, as private-sector firms in Poland look to upgrade their ICT systems, presenting an additional opportunity for Irish technology providers.

Overall Poland has been a very receptive market for many Irish companies over the past decade. There are 236 firms doing business in Poland, and total exports from Ireland in 2012 were €676 million.

Enterprise Ireland has identified several key areas of opportunity where Irish companies are well placed to deliver products and services, and some of these are outlined below. Moreover, it bears repeating that Poland is well placed as a gateway for onward expansion into other markets, particularly in Central and Eastern Europe and beyond the euro area thanks to its own strong exporting culture.

Sub-supply and service

Poland currently wins more foreign direct investment (FDI) than any neighbouring country and the Government agencies work hard to promote the country as a low-cost, high-skill destination for international investors. Various hubs around the country, some with designated special economic zones, vie for inward investment in sectors ranging from manufacturing to business process outsourcing. Poland has one of the most active electronics sectors in Europe: it’s the continent’s largest producer of LCD displays.

- In 2011, FDI to Poland amounted to €10.8 billion – a 37.7 per cent increase on 2010
- Poland’s auto industry includes Opel, Fiat and parts suppliers including Bridgestone and Boshoku
- Key regions for new auto projects in Poland are Upper Silesia, as well as the Wielkopolskie and Lower Silesia voivodships
- Poland’s aviation parts sector had revenues of more than €1 billion in 2011
- Recent aviation investors in Poland say they intend to expand operations
- Production of domestic appliances rose by more than 20 per cent in 2011
- Poland’s electronics market is forecast to be worth €5.7 billion in 2013.

Opportunities for Irish companies

Poland’s situation is not unlike Ireland’s of 20 years ago, when a large number of foreign multinationals in the ICT, healthcare and pharmaceuticals sectors established operations which led to a cluster of Irish companies developing capabilities to supply them. These include design, prototyping and supply chain management through to manufacture, componentry and packaging – all transferrable to other markets like Poland. When Dell
moved some of its manufacturing operations from Limerick to Poland, several of its Irish suppliers followed and won business in areas such as shipment tracking, logistics, packaging and testing. The sub-supply opportunities cover a range of industries such as automotive components. For example, Poland is also one of Europe’s biggest producers of river cruisers and pleasure craft – creating opportunities for suppliers of parts and interiors.

**Agricultural machinery and supplies**

Poland’s agricultural sector accounts for close to 13 per cent of the labour force but 3.8 per cent of GDP. The country is a net exporter of processed fruit and vegetables, meat, and dairy products; it is the leading producer in the EU of potatoes and rye; it is also known for producing sugar beet, grains, pigs and cattle. The country’s biggest region for dairy farming is the North-East. The western part of the country is another agricultural stronghold.

- Poland has close to 2 million farms, comprising 90 per cent of the total land for farming
- Polish farms are typically small and fragmented but there is some consolidation happening in order to make farming more sustainable
- Around half of Poland’s farms produce enough for their own needs but don’t sell commercially
- Farming has been one of the sectors to gain most from Poland joining the EU
- There is a major push towards organic farming: in 2004, there were 82,000 hectares dedicated to this; by 2011, that had increased to more than 605,000 hectares.
- Polish food exports reached almost €17 billion in 2012, a €2 billion increase on 2011.

**Opportunities for Irish companies**

Poland’s agricultural sector has strong growth potential and many Irish companies are already active in this market. Since Polish farmers began receiving EU funds to subsidise some of the cost of buying agricultural equipment, sales of new machinery have risen as farmers have been able to invest in better quality and longer lasting hardware. Irish suppliers looking to target this market should note that their equipment may need to be adapted to local conditions. Polish farmers prefer machines that are robust, with fewer electronics and therefore easily repaired and maintained. Trade fairs and field trials are especially useful ways into the market. Good dealer networks are important, as farmers reliant on their equipment will expect high levels of after-sales service. Other opportunities exist in animal nutrition and veterinary chemicals for dairy farms. Irish agricultural companies are advised to position themselves as premium brands in Poland. Offering superior quality to what is available from domestic suppliers will avoid being drawn into competing on cost alone in what remains a price-sensitive market. Offering unique features will also score well with Polish buyers – especially as consolidation of farms and a smaller proportion of the population working on farms are driving a need for increased automation and use of machinery.

**ICT**

Polish ICT spending is forecast to increase, with predicted annual growth of 7.3 per cent per year to 2015. By this time, the market will be second only to Russia in terms of IT investment in Central and Eastern Europe. Spending patterns in Poland still focus predominantly on hardware, which makes up the bulk of expenditure compared to software and services. The administration sector is forecast to remain the major buyer of IT services and products in Poland, followed by the public sector. It’s anticipated that EU 2014-2020 funds will provide the budgets to drive this planned spending, and Poland is claimed to be the most efficient state at using EU money for IT projects. Banking and telecoms providers are also increasing their ICT investments; the former driven by the need to centralise financial operations while in
telecoms, the development of intelligent networks is driving spending, and smart mobile devices are creating further demand for additional bandwidth.

- Poland has more than 24 million internet users, or 64.9 per cent of the total population
- Poland’s banking sector grew its ICT spending by 7 per cent in 2011
- Telecoms firms increased their ICT investment by 13 per cent in 2011 over 2010
- In 2013, the fixed-line telecoms provider Netia became the first operator in Poland to deploy 100Gbps speeds in its backbone network
- Smartphone is growing much faster than the traditional mobile market in Poland
- A survey of Polish IT executives found 92 per cent expect mobile applications and cloud computing to develop strongly in the market over the next two years.

Opportunities for Irish companies

Polish businesses are interested in solutions that will reduce the cost of operation, streamline processes or allow them to do things more efficiently or faster. If your solution reduces costs and saves money for clients, it will be well received in Poland. In retail, which is still growing, there is a trend towards improving the efficiency of stores and driving down the cost of operation, even as the stores themselves continue to sell and business is good. There are also opportunities in specific sectors such as utilities, which are set to invest heavily in ICT as a result of market liberalisation.

Other opportunities for Irish companies include helping to streamline payments or consolidating systems from a range of different communications platforms.

In sectors like mobile, there are opportunities in the mobile market for Irish companies such as planning, designing and building networks, and the ability to prioritise network traffic based on customer trends. Polish mobile operators are starting to look at financial and payment services that can be offered independently of banks. Near field communications are also starting to gain interest. Ideally, technology solutions for the mobile sector need to be simple, on a revenue-sharing basis if possible and, crucially, easy to integrate with an operator’s existing infrastructure: one that allows the network provider to bolt on additions to their systems rather than needing to make wholesale changes.

Utilities

Poland has one of the largest build-out programmes in Europe for power stations and the sector requires substantial investment as a result of ageing infrastructure. Fossil fuels remain a major source of energy for Poland, but part of the drive to modernisation is coming from the EU which has set targets for Poland to reduce dust, nitrogen oxide and carbon dioxide emissions. There is also a privatisation plan covering 12 energy companies in Poland. Other drivers to note in the market include modernisation and extension of the high and moderate voltage transmission grid; construction of a nuclear power plant; and modernisation and replacement of existing power blocks.

- More than 70 per cent of Poland’s power blocks (which run on coal) are more than 30 years old
- Poland’s fuel and energy sectors employ around 300,000 people
- In 2011, IT spending by Polish utilities increased by 44 per cent
- Poland’s renewable energy sector is developing rapidly. At the end of September 2012, there were 663 wind plants in Poland with a total capacity of 2341 MW
• Wind energy accounts for 57.6 per cent of all renewable sources of electricity in Poland.

Opportunities for Irish companies

Water and energy utilities in particular are showing strong growth potential for Irish companies and there are already some Irish companies active in this space. Some of the expertise required in Poland includes remote meter reading, machine-to-machine communications, smart meters, home area networks, urban energy effectiveness management systems. The country’s water sector is less advanced in updating its IT infrastructure, but the utilities sector overall is investing heavily in upgrading its information systems. Polish companies in this sector are looking for transmission grid monitoring systems, information analysis products and solutions that increase cost effectiveness and reliability of service, and which support billing processes. The move to renewable energy sources is driving the need for systems integration between some of the energy producers.

Other sectors

As a constantly developing economy, there are a range of other opportunities within Poland. Developments at Gdańsk aim to turn the port into a serious rival to Hamburg, and to do this it will need technologies relating to the movement and handling of freight such as warehousing and tracking systems, fleet management solutions, security and freight monitoring.

Print and packaging is another sector where Irish companies have performed well in Poland. Continuing a theme seen in other parts of the economy, the opportunity is in differentiating on value-added services such as labelling or barcoding, rather than competing in the bulk business where price is often the primary consideration.

While large-scale public sector projects may not be a productive route for some Irish companies, municipal authorities in Poland require street cleaning machines and street furniture such as signposts and seating. Irish firms are well placed to take advantage of these types of opportunities.

Poland’s life sciences sector is showing promise, and may include openings for Irish companies, with Polish organisations looking for a chance to partner with producers of innovative and high-quality products. Medical devices and equipment are also sought after. There are also opportunities for companies offering tooling for machines for pharmaceutical production such as bottling lines or blistering machines. Poland is one of Europe’s largest producers of generic pharmaceutical products and is home to Polish and multinational companies in this area.
HOW ENTERPRISE IRELAND CAN HELP YOU SUCCEED IN POLAND
7. How Enterprise Ireland can help you succeed in Poland

Enterprise Ireland is committed to assisting and supporting our clients in entering new markets and expanding in your current markets. Our team of experienced marketing professionals in our network of overseas offices are ready to help you. An overview of our service offering is listed below:

Pre-Visit Support

Enterprise Ireland can provide:

• A sector overview
• A validation of the opportunity for your product/service
• An evaluation of your market entry strategy
• Suggested channels to market
• Competitor analysis
• Relevant contacts/suggested itinerary
• Summary of relevant market information resources.

In-market support

Services available include:

• Introductions to buyers and decision makers
• Identification of potential partners
• Facilitating buyer visits to Ireland
• Assistance with product launches/workshops
• Securing reference sites

International trade events programme

Every year, Enterprise Ireland organises an extensive programme of events to support your business abroad. These include:

• Inward buyers missions to Ireland
• Group stands at important international trade fairs
• Overseas trade missions
• Study visits to gain knowledge of overseas markets
• Client knowledge events including seminars and workshops

• Networking events to build and enhance relationships with market contacts.

Further information is available at: www.enterprise-ireland.com/events

**International market contacts**

Enterprise Ireland has built up an excellent network of individuals in Poland who are available to work with Irish client companies on developing their business. This includes market and sector specialists, business accelerators and members of Irish business associations.

**Additional supports**

We can offer additional supports in the following areas:

• Access to translation and interpreting services

• Introductions to specialist expertise such as legal, recruitment, public relations and taxation

• Access to mentors.

For further information on the services of Enterprise Ireland overseas, please go to www.enterprise-ireland.com/en/Export-Assistance/.

**Contacts in Poland**

**Enterprise Ireland Warsaw Office**

Ul. Mysia 5, 00-496
Warsaw

Contact: Mike Hogan, Manager
Phone: +48 22 583 1200
Email: mike.hogan@enterprise-ireland.com

Contact: Joanna Dobrzynska, Market Adviser
Phone: +48 22 583 1208
Email: joanna.dobrzynska@enterprise-ireland.com

Contact: Adam Jaszczur, Senior Marketing Adviser
Phone: +48 22 583 1202
Email: adam.jaszczur@enterprise-ireland.com

Contact: Bartosz Siepracki, Market Adviser
Phone: +48 22 583 1203
Email: bartosz.siepracki@enterprise-ireland.com

**Diplomatic and Consular Information for Poland**

**Embassy of Ireland**

Ul. Mysia 5, 00-496
Warsaw
Phone: +48 22 849 6633
Web: www.irlandia.pl
Business contacts for the Polish market

**The Ireland Poland Business Association**
c/o No 4, The Vicarage,  
St. John's Road,  
Dublin 4  
Phone: 087 317 1960  
Web: [www.ireland-poland.com](http://www.ireland-poland.com)

**Polish-Irish Chamber of Industry & Commerce**  
Ul. Mysia 5, 00-496, 6th Floor  
Warsaw  
Phone: +48 22 583 1207  
Web: [www.icc.org.pl](http://www.icc.org.pl)

**Ireland Poland Chamber of Commerce**  
2413 Euro Business Park,  
Little Island,  
Cork, Ireland  
Phone: 021 5003050

66 O’Connell Street, Limerick,  
Co. Limerick, Ireland  
Phone: 061 279104

Town Hall, Bank Parade, Newry,  
Co.Down, BT35 6HR,  
Northern Ireland  
Phone: +44 28 30002099/ +44 7738397155  
Web: [www.irelandpolandchamber.com](http://www.irelandpolandchamber.com)
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DISCLAIMER

Compiled during April and May 2013, this report is up-to-date with the latest available research and findings. Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Enterprise Ireland accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material. Readers are encouraged to consult with professional advisers for advice concerning specific matters before making any decision.
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Enterprise Ireland
The Plaza
East Point Business Park
Dublin 3

Tel: +353 1 727 2000
Fax: +353 1 727 2020
www.enterprise-ireland.com