

The Nowy Sącz Entrepreneurial Spirit

Case studies

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This sample of the Nowy Sącz entrepreneurial spirit does not cover all its interesting firms and careers. The people described in this book can all be characterized as courageous, interested in the world, observant of the moves of the best companies in the industry and happy in their work. What is even more interesting, they often talk about quality and about the pride they derive from the high-quality products and services they offer. None of them (and some have been working for thirty years) show any signs of “burn-out.” On the contrary, they show the “joy of creation” typical of young people.

Introduction

I live in a city and in a region where one company (Fakro), starting from scratch, has managed to win over 10% of the global market, where the biggest Polish ice-cream manufacturers (Koral Brothers) live and work, where one man, in ten years, created a large computer business (Optimus).

I live in a region which one of my friends, who hasn't been to this area for 25 years, vividly described as “delightful Nowy Sącz poverty.” Another American friend visiting us every few years describes the changes happening in the villages around Nowy Sącz as the “flower revolution”: visible in the gardens and on the balconies decorated with

flowers.

I live in a region whose infrastructure and location should determine its economic inferiority and poverty. The Nowy Sącz and Limanowa regions lie close to a border which is generally economically closed (Slovakia is not an attractive partner). This border is also difficult to reach both by car and by train. The only natural resources we have are the mountains and the mineral waters. But even the breathtaking views, beautiful mountain areas, and forests cannot be treated in our climate as something that will attract hundreds of thousands of tourists and provide the local inhabitants with decent income. Therefore, we—the inhabitants of the Nowy Sącz region—have two options. We can either leave the country, going to places offering better conditions (usually the USA), or create the conditions enabling us to live here and derive great satisfaction from this choice. It is interesting to note that if we asked one hundred educated people (those who have knowledge and skill in the processes of knowledge and information) to name the five most entrepreneurial cities in Poland, I bet many of them would give Nowy Sącz as an example. There is only one explanation—the entrepreneurial spirit of Nowy Sącz citizens.

I have tried to understand what we, the people in this region, have that allows us to reach results exceeding expectations. Perhaps it is the influence of mountaineer mentality: resilience to unfriendly conditions, stubbornness, and a love of freedom, or perhaps the influence of a specific atmosphere of coping in the most difficult situations and relying only on ourselves because there is nobody to help us.

In this book I present the people who are the entrepreneurs and who have become the symbols of Nowy Sącz entrepreneurial spirit. The Nowy Sącz region is defined broadly here, exceeding its geographic and administrative definitions. I concentrate on the economic centers, cooperation, and communication, and assume that the area is covered by the thirty-kilometer radius of Nowy Sącz, so it also covers the Limanowa region and its neighborhood.

The Origins of the Entrepreneurial Spirit

Many prominent representatives of social science recall their first encounter with the Nowy Sącz region during the so-called “Nowy Sącz Experiment” in the 1950’s and 1960’s. This was the only social experiment in local self-government in the Eastern Bloc. Its results were so good that the authorities closed it quickly.

The reality of that period was subject to two contrasting descriptions. On the one hand, the Nowy Sącz region later transformed into the Nowy Sącz Voivodship (1975) always had the worst statistics—we had the lowest wages and the lowest percentage of party members. On the other hand, we always had good restaurants, for example Cichy Kącik in Krynica (visited by many prominent figures from Warsaw) or The Imperial in Nowy Sącz; famous ice-cream manufacturers (Barcikowski, Argasiński); and slightly better houses than in other parts of Poland. Nowy Sącz also had good local government; even during the communist era the city authorities cared for their city.

Nowy Sącz is a typical city of its region, with a traditional, resident social structure. Although it now has over 80,000 inhabitants (the influence of migration during the creation of the voivodship administration and the result of artificial changes on the city borders) you have to have lived here for many generations to be treated as one of us and be called the “stump.”

Nowy Sącz used to be a railway city. Polish Railways and ZNTK (train repair) were the biggest employers in the area. It was not until the 1960’s that other big companies were created, for example SZEW (graphite works).



The Nowy Sącz Region – The Land of Entrepreneurs

The pioneer of large (not counting the many shop owners and craftsmen) private entrepreneurship in Nowy Sącz was Kazimierz Pazgan, who set up the famous Konspol. This company produces over one hundred types of poultry. Mr. Pazgan is definitely a natural talent, possessed of "entrepreneurial spirit" and at the same time an example of an entrepreneur who cares for the social dimension of his activities. He has always invested money in various enterprises in his home village, is involved in the activities of the Chamber of Commerce, and from the very beginning has been my partner and ally in building WSB-NLU. His career has been an example to follow for many successful business-people who started their enterprises at the end of 1980's.

Unquestionably, the business star of the 90's was Roman Kluska, the owner of Optimus, the company that in the second half of the 90's was the most important promotional factor of Nowy Sącz. Roman's career has been a Polish example of the "American dream," a man who started from scratch and won great fortune (hundreds of millions of PLN) within ten years and became a great star of the Polish media. At the end of the 90's, Roman Kluska changed his life dramatically; he sold his shares in Optimus and took up charity and publishing activities, setting up a company distributing books and information brochures (mainly religious ones).

Ryszard Florek, a Cracow Polytechnics graduate, worked as an assistant at polytechnics for two years. In 1986, together with his friends, he started building a private company in Tymbark. These were difficult times, because it was almost impossible to buy any property or obtain a loan from the bank. In 1990, the Bus-repair Station (ZNA) in Nowy Sącz went bankrupt. Ryszard Florek saw the resultant availability of a big production plant in Nowy Sącz and decided to open his own company-Fakro-there. The idea was simple and a real brainstorm. He anticipated a boom in the Polish construction industry and noticed that

there was not a single producer of skylights. Today Fakro (probably alone among Polish companies) has over 13% of the global market share, and Ryszard Florek employs over 1,500 people, which makes him the largest employer and exporter in Nowy Sącz.

For me the best symbol of the economic transformation of the Nowy Sącz area is the development of the Wiśniowski company, set up by Andrzej Wiśniowski, now a 40-year old businessman, in 1989. In thirteen years, a small production plant, gradually extended, was transformed into an impressive 12,000-square-meter production facility. The company started only with the production of automatically operated garage doors, but at present it produces all types of doors and gates, aluminum doors and windows, fencing systems, and a powder coating service. The company, having reached a very high level of production and service (concluded with obtaining an ISO-9001 quality certificate) prepares for further expansion by investing in human resources development.

Disadvantageous location, especially for the companies that want to sell their products outside the area, and a weak local market (too little wealth) do not help the creation of production and service companies in Nowy Sącz. But the entrepreneurs from our region managed to find a solution—an aggressive search for markets outside the area.

There are a couple of industries in which Nowy Sącz entrepreneurs specialize. Nowy Sącz sports an unusual number of furniture companies. There are many of them, but only a few have won a strong position on the market. One of them is the Bugajski company.

Sławomir Bugajski started his business in 1991 when he was in his twenties. At that time he was a professional cyclist and used the connections he had made in his sport career to start a trading business. After three years he decided to produce furniture, although he did not have any experience and could only experiment. He managed to find a market niche-furniture for children-and skillfully made use of the

VAT differences between raw materials and finished products. VAT refund enabled him to increase turnover. He tried to find new markets all the time and soon he was exporting furniture to former Soviet countries. The Russian crisis stopped the development of the company, but the young entrepreneur did not lament. He just found new markets: Sweden, the Balkan countries, the Czech Republic and Slovakia. Now the company, employing 100 people in 2001, exports 90% of its production.

The creator and owner of IKER furniture company used another road to success. IKER furniture is aimed at the most affluent customers. Janusz Obtulowicz, an AGH graduate, started as early as 1981 and from the very beginning he produced furniture. His motives were very simple—he wanted to furnish his flat and could not get the furniture he liked. He decided to produce it himself. The effect was surprising: he placed only one ad in the newspaper and obtained orders for half a year's work. He gradually developed a company that now employs 70 people. IKER is proud of its advanced design (there only a few companies competing with it in Europe), customer satisfaction, and a turnover of one million PLN per month.

One of the typical features of the Nowy Sącz economy is a large number of transporting and dispatching companies, many of which operate abroad. These companies possess over 200 trucks used in international transport and constitute the strongest branch of the local Chamber of Commerce. The leader of the pack is definitely ZET Transport, a family business set up in 1993 and owned by the Załubski brothers. Interestingly, the transporting activities had been begun by their father, Józef Załubski 10 years earlier, but it was a one-man company, having only one truck. Today ZET Transport, managed by Jan Załubski, has been given a very good position in the "Rzeczpospolita" ranking of international transport companies. Jan Załubski is a perfect example of a young, modern entrepreneur and a good manager open to innovations and firmly leading the company.

A very important aspect of the economic activities in Nowy Sącz region is agricultural products processing. Weaknesses of this sector include a lack of consolidation and problems in utilizing agricultural produce. Local cooperatives practically do not exist. Therefore it is worth looking at the activities which led to the creation of a company which reached great market success and improved the conditions of many chicken farms in the area.

The egg market is characterized by seasonal sales. In summer we have considerable surplus, in winter (especially before Christmas) a deficit. Eggs cannot be stored for a long time, therefore they have to be processed. Until the end of the 1980's there was only one plant powdering eggs, in Nowa Sól, a few hundred kilometers from Nowy Sącz. It was a monopolist dictating prices and delivery conditions. In the middle of the 1990's a few owners of chicken farms decided to build their own modern plant powdering eggs. Basso partnership was formed, which now employs 40 people. As usually, the driving force of the enterprise was one man: Józef Basta.

Nowy Sącz has a long tradition of producing leather clothes and accessories in small crafts shops. At present we have eighty manufacturers of leather products. One of the first companies in this industry was owned by Włodzimierz Wojewodziec. At the start of the 1990's he was trying to find a living for himself and noticed that nobody in the area produced leather bags. Together with a partner he started the first leather manufacture in Nowy Sącz. Finally, in 1996 he set up his own company. He started with a few products a day. Now he produces over 50,000 bags per year and employs thirty-six people.

Luxurious bags made from Italian leather and sporting their own logo "Wojewodziec" are sold all over the country. Włodzimierz Wojewodziec is now preparing for export. It is interesting to note that this still-young man (38 years old) does not think about maximizing profits. His main concern is the high quality of his products. He is fascinated with the beauty of his manufacture.

As a restaurant owner's son I must say a few words about Nowy Sącz restaurants. Undoubtedly, the best of them now is Kupiecka, set up in 1996. Its owner, Jerzy Pazdan, a novice to this industry, decided to open a restaurant for rich customers in a small city. Kupiecka is located in small cellars in the city center and can seat only 30 people, but gives its customers the feeling of exclusivity. Pazdan did not stop after opening Kupiecka. He has another restaurant in the Market Square for less affluent customers with an equally good but different menu.

Cichy Kącik in Krynica has its own legend. This is the restaurant visited by those who go to Krynica to undergo mineral water treatments. There are also legends about the Prime Minister, Józef Cyrankiewicz, who in the 1960's visited the place to eat trout and have a whale of a time.

Cichy Kącik has a rich history. In 1990 it was taken by Maria Szafraniec who offers unbelievably tasty food. You will not find another place in Poland where they serve fresh fried agaric mushrooms. You will not find such tasty pierogi with plums anywhere. The owner picks the mushrooms herself in the nearby forests, and she buys the plums in one village near Gorlice. She says she does not do anything special, but she likes her job and finds great satisfaction in seeing her customers happy.

The Nowy Sącz region is not only the city of Nowy Sącz. There are over 100,000 people living in the small towns and villages in the Nowy Sącz and Limanowa regions. Only a small fraction of them are able to earn a living from agriculture, animal husbandry, orchards, and tourism. They cannot rely on state institutions or companies to offer them jobs. For them every private company operating and developing near their home village is a gift from heaven.

One of the natural resources of the area is its mineral water. We also have many developed orchards. The production of mineral water and fruit processing has always been the specialty of the area. Two success-

ful restructuring processes saved local companies from bankruptcy and enabled them to obtain considerable market shares. These two companies are Tymbark S.A. and Piwniczanka.

Tymbark was set up in 1936 as a cooperation of farmers, but after the Second World War it was nationalized. Until 1990 this manufacturer of juice, drinks, and other products was always part of state enterprises. In 1990 the company stood on the verge of bankruptcy. At that time Julian Pawlak, formerly a technician in the company, was chosen as the Managing Director. His firm and consistent actions led to a thirty-five-fold increase in production within 10 years, which enabled the company to secure a 20% share of the Polish juice market. The company also won a prestigious Polish Quality Award in 1999.

Finally, I would like to say a few words about Piwniczanka. This mineral water bottler in Piwniczna was set up during the "Nowy Sącz Experiment." In 1990, as with most production plants belonging to state structures, it was close to bankruptcy. Fortunately, a leader appeared. Stanisław Leśniak became the chairman of the company in 1991 and restructured the ownership of the company in an unusual way: a workers' cooperation, in which ninety-four workers have shares and all have equal votes in the general shareholders' meeting. Instead of a small and obsolete company, we have a modern mineral water company whose brand is widely recognized in Poland.

Another different but equally valuable example is the creation of the Gold-Drop company in Limanowa, which produces consumer chemical products: window cleaners, dish detergent, cleaning and washing liquids. Gold-Drop is the initiative of a specific partnership: Wiesław Żółtowski, an American entrepreneur of Polish origin, who provided American technologies, equipment and capital, and Stanisław Ciągata, who manages the company.

In a few years, this duo created the company that has more than a 10% share in some segments of the market. The company has such

positive economic indicators that it was the first small company to win the BCC Business Leader Award. Gold-Drop is now entering foreign markets and sponsors many local initiatives of the Limanowa local government.

Conclusion

I would like to end with a statement made by George Bernard Shaw: "A reasonable man adapts to the conditions he meets, an unreasonable man tries to adapt the conditions to his needs. All progress in the world happens due to unreasonable people and their actions".

I think that this accurate statement applies to Nowy Sącz entrepreneurship. A normal man adapts to the conditions he meets. An entrepreneur tries to adapt conditions to his needs. Local development is the result of entrepreneurs' activities. Such is the Nowy Sącz region, and such are Nowy Sącz inhabitants.