

*Krzysztof Pawlowski*

**FROM IMPOSSIBLE  
TO IMPLEMENTABLE....  
NOT AT LOW PERSONAL  
COST, HOWEVER...<sup>1</sup>**

*Abstract*

During the last 14 years, since the transformation of the political and economic system in Poland began, 250 private institutions of higher education have emerged, teaching more than 500 thousand students at present. This fact may be considered as proof of a unique entrepreneurial approach displayed by a significant part of the Polish academic community.

The author of this article, who is both the founder and the president (rector) of the Nowy Sącz School, has described the route that culminated with the establishment of the School, the most important stages of its development and the complex relations with the local environment. The author has attempted to present the loneliness of the leader of the institution in situations when he had to make difficult decisions.

The article may be considered controversial as it is an open personal presentation by the founder and the rector, who is still running the institution, of his moments of success and failure, mistakes and search for new solutions as well as an open evaluation of his co-workers and external partners. This article is a statement of a man who has remained loyal to the institution he created and who has striven to provide the best perspectives for its long-term and effective activity.

<sup>1</sup> Illustrated by Andrzej Szarek, Ph.D.

## MY ROAD FROM A PHYSICIST TO AN ENTREPRENEUR (WITH STOPOVERS ON THE WAY)

It is a very unusual situation when a president of a well-known college introduces himself as an entrepreneur. It is almost incredible that a president of an institution of higher education has won a contest organized by Ernst&Young for the "Best Entrepreneur of the Year 2003."

The panel of judges, which consisted of several prominent personalities, justified their decision as follows: *"For his ability to create an institution of higher education as a profit-making enterprise that fully implements its mission of offering young people the highest quality education. For his vision and determination in its implementation."*

Having received such an award, which is a culmination of an array of very prestigious awards and recognitions, one can either turn into a statue (and gradually begin to tarnish) or try to look at oneself objectively and critically review one's actions. I have chosen the latter and accepted the invitation to contribute an essay to a subsequent volume of *"Knowledge Cafe' for Intellectual Entrepreneurship"* with its significant subtitle *"Through or Against Institutions,"* which I received shortly after winning the award in the Ernst&Young competition. This may be treated as some sort of challenge and incentive to analyze numerous dilemmas, hesitations and doubts that I still experience.

My personal situation can be briefly described as follows: I enjoy wide recognition in business circles, strong support from the media, good relationships with politicians (irrespective of their political affiliation), and a very reserved attitude on the part of a substantial portion of the academic community.

I do not make my life easier by presenting and publishing texts critical of the system of higher education, in which I point out weaknesses present in the system, and in the prevailing position of the "corporation of professors." I advocate that Polish institutions of higher education do not need more money from the state budget. I recommend reasonable legislative and organizatio-

nal solutions that would enhance competition, resulting in the improvement of the quality of programs offered.

However, for me personally, and one should remember that I am a small town dweller (born, raised, and living in Nowy Sącz – a town of only 80,000 inhabitants), my *PERSONAL FREEDOM* constitutes the biggest achievement of the last fifteen years of my life. The fact that I am a free man, independent of anyone's decisions or anyone's money and governed only by law, my religious beliefs and traditions, is the only thing which really counts for me. My situation is very comfortable and I really appreciate and enjoy it. Therefore, despite the risk writing this text could carry, I have resolved to do it.

In order to understand my motives, one must take into account my life's journey since 1991 i.e., since the date my academic institution in Nowy Sącz was established. It is best to discuss it from the standpoint of my academic training, my religious influences, and my political experiences.

### ACADEMIC TRAINING

My academic degrees are in Physics. A physicist has been described as a man who never considers something to be impossible<sup>2</sup>. I am a man who was trained to find connections between very diverse phenomena, as well as to systematize the description of the world. Pursuing research in physics for a long period of time teaches one to be persistent. Looking for a solution to a problem, measuring and repeating experiments sometimes requires many months, or even years of hard work without any tangible results. I, therefore, believe that I learned a big part of my quite substantial resistance/immunity to failure during the nineteen years of my work in a research laboratory.

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<sup>2</sup> According to the excellent definition of Prof. Andrzej Białas – a distinguished physicist and presently President of the Polish Academy of Arts and Sciences

I can observe a similar characteristic of being immune to failure among many physicists I have known, including those who still pursue their career in physics, as well as those who have left the sphere of research and at present act as intellectual entrepreneurs. Pursuing research in physics (whether it is at the grand, Nobel-prize winning level, or at the modest level I pursued myself in the research lab of a manufacturing facility) teaches modesty and self-criticism. The object of a study and the surrounding world are so complicated that the physicist must acknowledge limited capacity of his intellect.

When I try to remember my Masters degree in physics, I feel compelled to mention here four of the great persons who influenced me: Professors Henryk Niewodniczański, Jerzy Janik, Jacek Hennel and Andrzej Oleś. Despite significant academic achievements, all of them were modest people, whose academic success did not spoil them. They were excellent role models for me.

## RELIGIOUS INFLUENCE

Another significant element of my character was formed by my religious affiliations. I am a Catholic, who was actively involved in the Catholic Intelligentsia Club in the 1980's. I have found this part of my life's journey the hardest to write about. However, disclosing this side of me helps others understand many of my actions and decisions. It is hard to write about it because I myself have always been annoyed at people who introduced themselves as Catholic activists or Catholic politicians. I actually had a short, and relatively unsuccessful shot at being a political party member: I was a co-founder and for nearly two years President of the Christian Democratic Party but I never labeled myself a "Catholic" or "Christian" politician, because this judgment is reserved for others who appraise the quality, effectiveness and methods used in politics. I mention this unsuccessful experience, not because my involvement in the Christian Democratic Party was a failure, I believe quite the contrary. However, I want to highlight the fact that I do not have the required instincts of a true political

leader. Although I am a person who is determined, success-oriented and very persistent in promoting and implementing his ideas (all characteristics of a good politician), I simply do not have the heart for some of the things that must be done within the realm of politics.

Perhaps, a part of the map of my heart that leads me away from being a good politician can be linked to my experience with the Catholic Church.

All my childhood, my younger years and a substantial part of my mature existence have been connected with the Catholic Church. I began as an altar boy in service to the head altar boy, and then, was promoted to being the head altar boy. My parents brought me up as a very religious boy and I was lucky to meet several outstanding priests who have remained my spiritual mentors for the rest of my life. The result is that the Ten Commandments are deeply ingrained in me, especially the commandments centering on Love. Subsequently, these are not empty slogans to me.

In 1980, when a great social movement called 'Solidarity' developed in Poland, I initiated the establishment of the Catholic Intelligentsia Club (CIC) in Nowy Sącz and was elected its first president. My activities related to the CIC made me recognizable in Nowy Sącz and greatly contributed to the fact that in 1989, I won the primary elections organized by the resurrected Solidarity movement. A few months later, I was elected Member of the Senate. The CIC was my 'playground' as far as my public activities are concerned: I believed that the Club's objective was to educate elites for the future potentially independent Polish state. Never had I expected at that time that I would live long enough to see Poland independent, nor that I would become one of the beneficiaries of the new political and economic reality.

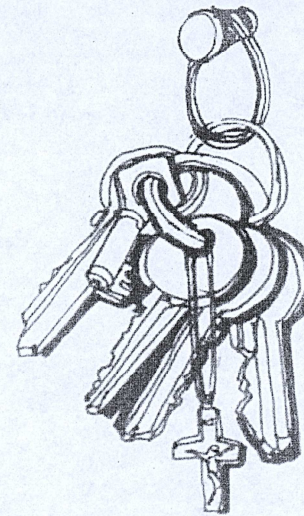
## POLITICAL EXPERIENCE

In 1989, unexpectedly and practically without any professional preparation, I found myself a participant in politics at the national level and on the battlefield of systemic changes. I was not alone in this situation the majority of the members of the Sejm (the Lower Chamber of the Polish Parliament) and the Senate (the Upper Chamber), were, like myself, recruited from provincial pockets of activists within the Solidarity movement, and other opposition organizations.

I have to confess that in my younger years I dreamed about a career of a politician, but I chose physics out of necessity I refused to be a politician in the communist country. I had always been interested in history, politics, and economy, but such interests contributed very little to my professionalism as a Senator.

At the beginning of the systemic changes in Poland, I had a very strong sense of mission: if history put me, a provincial activist and physicist, in such a high position, then I had to do everything possible for my country and my constituency (I was elected to Senate to represent the district of Nowy Sącz, the administrative unit no longer in existence). The Business School was one of many initiatives of mine as a Senator, many of which failed, and at that time I did not think the School would become such an important part of my life, my primary focus in life, as well as my place of employment and source of income. Back in 1990 and 1991, when I started my efforts to establish the School, preparation of managers for the new capitalist economy was, I assumed, Poland's most pressing need. I tried to predict my voters' future needs, such as offering their children the benefit of higher education as the most valuable endowment to be provided in the new situation in the country.

At that time, my knowledge of institutions of higher education stretched as far as my own experience as a student at the Jagiellonian University in Krakow, and then, as a doctoral candidate at the Academy of Mining and Metallurgy (which gave me the experience in cooperation with some research institutes). I had never worked at an institution of higher education, nor had I ever been a teacher.



These three basic paths of my life's journey led me to a desire to create a school of the highest standard, without focus on financial gains, planned to operate without any time constraints ("forever") and created in an ethical way. From the perspective of today I know that each of those assumptions alone makes it difficult to establish an institution of higher education and significantly reduces the chances for success. I know, however, that without these three assumptions the Nowy Sącz School would not have become such a success. It might not look too seriously, but before the second free elections to the Senate which I lost, back in 1993, I wrote in my electoral program that my goal was to build the best business school in Poland by 2002 (I chose that year because I liked the symmetry of the digits in it). When I wrote those words, the School had 150 students and only one person employed full-time who used to work at an institution of higher education before.

We started in 1991, offering a full-time program which was very costly to provide while keeping the tuition fees at a very low level<sup>3</sup>. This policy explains our constant lack of money during the

<sup>3</sup> Approximately 40 hours of classes per week, including 20 hours of language instruction in small groups; the program lasting 36 weeks per year.

next few years (we did not achieve a budgetary balance until 1996/1997 academic year). However, the first hundred graduates, who entered the labor market in 1994 and 1995 (mostly in Warsaw), immediately built prestige of the Nowy Sącz School and recognition for its graduates on the labor market.

At that time, no one else was interested in opening a full-time private institution in Poland (except founders of some art academies) without first starting with offering part-time programs. Nearly all others started offering part-time programs to which they admitted several hundred people in order to cover all costs and get funds necessary to invest in facilities. I had to resort to begging (a very unpleasant and ineffective job) among affluent members of the new world created by the new economy, and to seeking special projects financed by institutions. In 1992 and 1993, we managed to organize two seminars financed by the *European Round Table of Industrialists* – an organization associating 40 biggest European corporations, and provided a program in business for over 100 army officers who were about to retire and become reservists due to the restructuring of the armed forces.

At that time, many people believed that I exploited my position of the Senator to win huge foreign grants. These opinions have no basis for two reasons. Firstly, I always wanted my hands to be completely clean (both because of my religious beliefs and a will to act effectively for a long period of time). Secondly, due to my lack of skills in obtaining such grants. I remember observing with great despair how these grants were squandered left and right in Warsaw, while the rest of the country went lacking.

I used my position as Senator at least three times:

- To get the School's first base in the Stadnicki Palace located in Nawojowa, a village 11 kilometers south of Nowy Sącz.
- To receive the Government license to open the School.
- To receive the only grant from the state budget through the Office of Technological Development and Applications (UPTiW)<sup>4</sup> which was about to be closed down.

<sup>4</sup> Urząd Postępu Technicznego i Wdrożeń.

No doubt, the senator's title facilitated certain tasks, e.g., while establishing a cooperative partnership with National-Louis University, it gave me recognition and credibility in the eyes of our American partners. It also gave me the opportunity for establishing contact with top Polish business people, which, in few cases, resulted in minor sums of financial assistance but nevertheless was extremely important in that period of time.

The School has always been open about its funding. We have never hidden our sources of finance not a single zloty came from some 'illicit funds', everything could be disclosed. We started having our books audited by PriceWaterhouse and since 1997, coinciding with the beginning of each new academic year we have been publishing financial reports covering the preceding academic year. Such conduct naturally made it difficult for us to survive the initial period, but in general, it made our lives easier. I was forced to learn how to spend tuition fee money in the most optimal way while keeping the School free of external influences that were, in particular, mainly political. The lack of easy money gave me a unique advantage, namely the ability to run the school based on the internal resources of the institution, as well as in a legal and ethical way. This kind of a situation offers a head of an institution a great amount of freedom to act, both externally and even more importantly, internally, concerning relations with employees.

Everything I have stated above does not mean that the so-called 'general public' thinks the same way I do. I am commonly considered to be the owner of the school, and as such, a millionaire. Very few people believe that my only financial link to the Nowy Sącz School is limited to my monthly salary of \$4,000 (which I consider as high and sufficient). Until the end of 2002/2003, I had managed another school in Tarnów practically for free, without getting any salary. People don't know about that, and believe I am a very rich man, exploiting the system for all its worth. However, I am not bothered by these negative opinions because I know the facts, and they enable me to be a free man, which is the highest value for me.

As part of my personal review, it might be worthwhile to analyze in greater detail my journey from being a physicist and

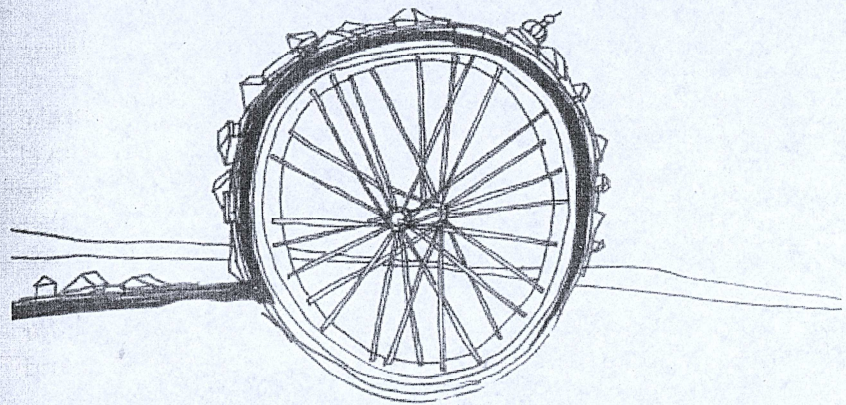
politician, to that of an entrepreneur. (And an unusual one at that because of not being motivated by natural personal greed and a wish to multiply my property). I will divide this journey by phases.

**Phase I**, covering the years from 1989 to 1993, is the period when the idea, as well as the legal and organizational framework for establishing and running today's WSB-NLU emerged. One may find in this period typical (although rather subconscious) traits of a 'classical' intellectual entrepreneur who has a wish to create an institution from scratch, possesses broad knowledge of many fields, commands a well-developed network of contacts, has ability to find niches and to operate in various environs, spheres and worlds, and finally respects ethical issues<sup>5</sup>.

**Phase II**, covering the years from 1994 to 1996, was the most crucial because the survival of the School was ascertained. It was a period that started with my losing re-election to the Senate in the second half of 1993. The challenge did not come in the form of being cut off from external sources of financing but because our student population was growing exponentially and our facilities were insufficient to take care of the new enrollment.

The Palace in Nawojowa offered enough space only for the first two class years of students, so we had to move into a nearly decrepit office building (of a former construction company in Nowy Sącz) and start its renovation. We also lacked key assets, namely lecturers, teachers and language instructors. So we started creating a full-time faculty. We also experienced financial difficulties because I insisted on maintaining low tuition (amounting to an equivalent of \$1,200 per year that had to cover a costly program) until we became recognized and appreciated by the market. Moreover, for a short period of time, the relations with our American partner cooled down due to the fact that the American university was afraid of having to shoulder the burden of the probability of our potential failure.

<sup>5</sup> Kwiatkowski S., *Przedsiębiorczość intelektualna*, PWN, Warszawa 2000, p. 24-26.



This phase can be described in the following way: Quite unexpectedly, I found myself facing a new situation having lost the re-election, I made a decision to withdraw from politics completely. Managing the School and its development became the most stable and still challenging way to live my life because after a four-year break, there was no point in returning to my physics career. Facing the new reality was brutal but my new personal situation allowed me to focus exclusively on developing the School. I knew very well what the financial term of 'break-even point' meant for a private school. I could easily forecast when we were going to reach it. We 'only' had to survive the next three subsequent academic years. I chose the correct survival tactic, namely to leap forward, charging ahead aggressively, without attempting to defend our position. The most important element here was to build the legend of a Polish-American select business college.

I managed to find several allies among Polish media representatives – many journalists who were amazed that something so spectacular was being created in such a small town as Nowy Sącz. To this School, still small at that time, I managed to attract a group of excellent co-workers, working for – from today's perspective – a symbolic amount of money, who were dedicated to the only goal and task of offering the best education to students. This team, which I now fondly refer to as 'the Dinosaurs', was closely knit and inspired by the idea of creating something unique.

We also looked for additional sources of income to refurbish and adapt the new buildings at 27 Zielona Street. Therefore, we opened part-time programs in a few towns, started organizing special training seminars and post-graduate programs for top level managers of large companies, and pursued external grants. The Polish-German Cooperation Fund was of great assistance at that time. In those days, I acted like a typical young new entrepreneur who, despite having no special preparation or managerial know-how, instinctively looked for new opportunities, struggled for survival and planned future development. I was pleased and honored to see that others began to follow my example.

At that time, the School represented a creatively-inspired organizational chaos. Since we suffered from a constant lack of funds, the rector made practically all decisions, because he had to take the personal risk of making these decisions without proper collateral. Since we were short of cash, each of the team members had to assume duties and tasks that would be performed under normal circumstances by two or three people. An atmosphere of constant change permeated the School. It was directed, however, towards achieving success and growth. Significant here was the fact that I managed to establish very good relations with the students (despite the fact that I do not teach myself) and the special partner relation between the School's employees and students quickly became our competitive advantage.

The years from 1995 to 1996 resulted in an unexpected creation of another School that I, as a private person, established in Tarnów. It was unexpected because the idea of establishing such a school came from then head of the Government Regional Office in Tarnów. He had observed the first achievements of the Nowy Sącz School and the problems it had with local authorities of Nowy Sącz. He suggested moving the School to Tarnów and offered very attractive buildings that used to serve as weapon factory. Since at about that time the first private business school was being established in Tarnów by professors of the Academy of Economics in Cracow, it was obvious that we could lose the Tarnów market. I applied then to open a branch of WSB-NLU in Tarnów but, unfortunately, the Ministry of Education did not

grant permission to open such a school. So I just replaced the word 'branch' with the word 'school' in the application, and put down my name (as a private person) as founder. I was then granted permission to open a new, independent school. Thus, I became rector/president of the second school just overnight. The Business School in Tarnów did not obtain the popularity that the Nowy Sącz School had enjoyed. Nevertheless, it became a good local college offering mostly part-time programs to students from Tarnów and surrounding area.

**Phase III**, spans the years 1997 to 2000, and is characterized by sudden growth both in the number of students and in number of faculty employed. In this period we also received a license allowing us to offer a Masters degree in Management and an undergraduate program in Computer Science. It is also a period which is distinguished by our first successes measured by our high national ranking compared to other private business schools. This has been repeated year in and year out.

This is the period when I, personally, started to receive awards and recognitions. It marked also a financial breakthrough: we broke free of the previous period of the School's constant budget deficit. Having reached a break-even point, we finally managed to secure our own, predictable and stable sources for development.

In that period I started a process, that is still continuing, of seeking the best way to manage a fast-growing institution which has become too large to be run 'manually' by one leader (who thinks that if he works hard himself, all his employees must do the same). A personal painful experience in 1996 (a very serious and long illness, which luckily ended with a successful surgery) made me realize that the School was too dependent on me, and that it was high time to introduce proper organizational structure and procedures.

It has been a difficult transition. My co-workers, who became used to the fact that the boss made all decisions, were not eager to accept new authority and the responsibilities it carried. And I myself kept often forgetting about the authority I had granted them and subsequently, on occasion, meddled into some trivial

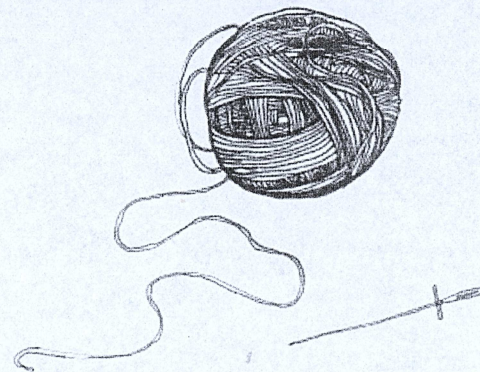
matters. We also managed to achieve something unique at that time, namely we became truly national school which attracted students from all over Poland to its full-time program in business.

Since then, as much as 70 percent of the total full-time students come to WSB-NLU from outside the local Małopolska region. It was also a period of a true media 'festival' for our School: press articles, TV programs, awards granted in various competitions and media events all contributed to a wide recognition of the School and minimized our expenses for promotion. This period marked also new, larger and necessary investments stemming from the increase in the number of students leading to the refurbishing of a new huge industrial building that provided classroom and laboratory facilities for the next few years.

This period of 'exuberant' growth was acknowledged by a unique award granted to the School on November 11, 1999, in the first 'Pro Publico Bono' contest for the best civic initiative of the decade 1989-1999, launched by then Prime Minister Jerzy Buzek. We received the top award in this competition. In the same year, I received the title of 'Man of the Year' granted by "Życie" daily, and "Business Magazine" granted me the title of "The Leader of the 1989-1999 Decade"<sup>6</sup>. Moreover, I received the honorary doctorate from NLU (National Louis University based in Chicago) and in May 2000, I received one more, very prestigious award from the Leopold Kronenberg Foundation "Entrepreneurship for Social Development."

One can say that together with my School, we reached the peak of popularity and success. And it should be remembered that WSB-NLU had only existed for eight years prior to these events, or to be exact, for five years, if we disregard the pioneer period. It was then, at the turn of 1999, that we made the most important decisions about the School's future, in particular, about the construction of new facilities. The construction of our first dormitory was already under way, a venture that could serve as an interesting case of entrepreneurial activity.

<sup>6</sup> This title was also granted to H. Gronkiewicz-Waltz, L. Balcerowicz and W. Rożucki.



Those years also marked my very active involvement in issues not directly related to the two Schools. I was the Chair of the Conference of Presidents of Non-state Schools of Higher Education, of The European Integration Council and of The Council for Systemic Reforms. In addition, I became a member of the Board of Directors of the Polish-American Freedom Foundation. I participated in numerous conferences which did not leave me much time for managing my both Schools. At that time, I delegated a large part of running the schools to general directors: Tadeusz Węgrzyński in Nowy Sącz and Mieczysław Bień in Tarnów (the latter practically ran the Tarnów School himself, seeking my approval only in matters related to budgetary plans, educational offers and personnel issues).

**Phase IV** – covering the present times starting with the commencement ceremony of the 2000/2001 academic year which began on October 1, 2000. It was then, during the first meeting of all faculty members of the School, when I presented an assessment of the situation of WSB-NLU and development plans for the years 2001-2007. During this time, we have built and opened our new dormitory which houses 120 students and provides accommodation for some faculty members and their families as well. The period from 2000 to 2003 has been marked by my attempts to involve a greater number of my co-workers in managing the Nowy Sącz School. The process has been aptly and humorously summarized by an observer as 'a passage from

absolute monarchy to enlightened absolutism'. In mid 2000, the framework of the School's new organizational and administrative structure emerged. I usually come up with my most important decisions during winter breaks (which I spend in some tropical country to escape the Polish winter) and similarly, in this case in January 2001, I returned from Cancun in Mexico with a new, and – according to some – shocking, plan of the School's structure.

The most fundamental feature of the new structure is the separation of the teaching process from the rest of the academic spheres. I created the new position of Vice-Rector of Education, who is in charge of the whole teaching process, as well as a group of employees such as vice-deans for students and administration employees directly involved in the teaching process (the students' records office and the teaching support office.) On June 20, 2001, for the first time in the School's history, we held elections for the position of the vice-rector for the academic affairs (elected by professors employed on a full-time basis) as well as for deans of the Entrepreneurship and Management Department and Computer Science Department. I also scrapped the position of general director and personally took charge of administration, finance and investment. Vice-rectors were given broad personal responsibility for decisions they make. At the same time, we started preparing a new remuneration system for the majority of faculty members by introducing a motivational factor which correlated their salary with the quality and effects of their work. The organizational structure is still 'being polished', and the motivational remuneration system is still being experimented with. The process of 'democratization' of the management process is on its way, however, with mixed results which will be presented later.

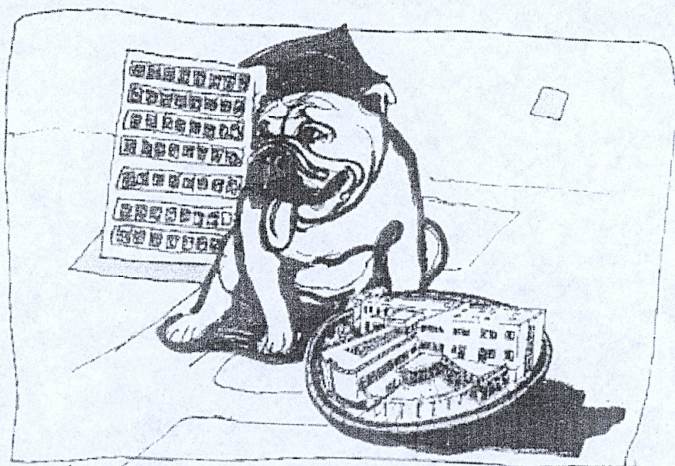
In 2000, I made a decision to develop the School's teaching facilities. We had no other choice because the buildings we had were too small for the number of students. As one of our first steps, we discontinued renting the Stadnicki Palace in Nawojowa since studying conditions were becoming 'too primitive' there for a top-ranked school aiming at educating Polish business leaders.

I remember the period from May to June 2000, when I was about to make a decision on the scale and shape of the construct-

ion project. It was the moment when I needed to state clearly what the School was supposed to look like in the future. I could have designed a relatively small building that would merely provide the necessary number of classrooms, and thus constrain the School size to approximately 1,500 full-time students and the same number of part-time students. This would allow me to spend the remaining 11 years until retirement in relatively undisturbed peace, leaving decisions related to the School's future to my successors. Instead, I decided to take a great risk again, and build something matching our ambitions to create a true school for Polish leaders. There was a serious risk involved in such decision. Our budget was balanced and all the funds available had been reinvested during subsequent stages of modernization, purchases and pay rises for faculty members. So, we had no reserves and I needed to make a decision whether to make an investment amounting to PLN 20 million (roughly, \$5.5m). It was not difficult to secure an adequate loan (finally, we took out PLN 15 million in loan). Because of the School's positive financial standing, we managed to receive a very attractive, low-interest loan. It was one of the most difficult decisions to make, knowing that a mistake could result in our bankruptcy. The decision was difficult because of the large number of variables such as the admission numbers in the next subsequent years of 2001, 2002 and 2003, translating into our ability to pay back the loan. Fortunately, it had turned out to be the best decision resulting in doubling-up the size of the School property, and in erecting a new teaching facility exceeding 6,000 m<sup>2</sup> in size.

In 2000, the signs of the economic slowdown in Poland were already clearly seen. Rising rate of unemployment and the impoverishment of a substantial part of Polish society could have translated into a drop in the number of candidates willing to enroll in programs offered by private schools. Implementing the construction project in the period of the economic downturn and nearly complete standstill in the construction industry brought positive results for us, however. Costs were lower because the bidding firms were forced to lower their prices significantly, in order to survive a depressed market. We es-

timated savings at 20 percent of the total costs of investment expansion during this time.



At the same time, concurrent to the decision on expansion, I started implementing tough measures aimed to reduce the fixed costs of running the School. My task was facilitated by the direct control I had over the School's finances and administration. The financial gains were substantial: despite the expansion that more than doubled the size of our teaching facilities (we constructed new sports facilities, as well as teaching facilities), the number of administration and technical support staff remained constant. During the last two years fixed costs were reduced by PLN 900,000 annually, with the costs of electricity increasing by over PLN 400,000.

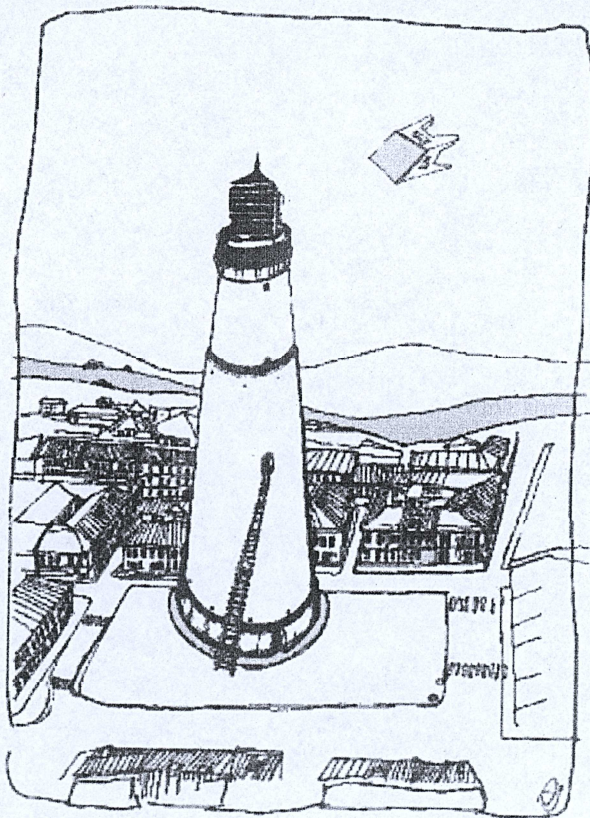
Cost cuts were radical, and could not have improved my image in the eyes of my employees, especially the faculty. Until the very end of 2003, we strove to maintain positive cash-flow<sup>7</sup>. It was a distressful three year period, which was reflected by the very 'stressful' decisions that were taken. But the results were simply outstanding again.

<sup>7</sup> The economic downturn resulted in the increase in late and outstanding payments for tuition.

All visitors to the School view our studying conditions as luxurious, and admire our working conditions. The reconstruction is over and I had survived the three most difficult years when I was trying to play the role that clashed with my temperament and personality. I was a 'cold and calculating' manager in my relations with employees and building contractors while remaining a 'good daddy' in my relations with students.

As I am writing this text, I cannot avoid wondering which of these periods was the most difficult and distressful. At first, one could choose Phase II which came after the pioneer-romantic period, when I lacked experience of manager and entrepreneur. In 1994 I found myself practically on my own and without any assets while facing mounting relation problems with the town authorities, as well as without necessary assistance from NLU, and with no permanent sources of additional funding. This is when I acted blindly as if in a fog.

Still, the present situation seems to be the most difficult. The School, now both famous and prestigious, has grown to become a large organization, employing nearly 300 people, with an annual budget exceeding PLN 20 million. I have tried with all my might to avoid a strategy of defending our position, which would finally result in losing it. I try to be on the offensive all the time, to seek new niches, to surprise my competitors. I am glad to notice that my co-workers increasingly adopt a more active role in creating new projects and seeking new opportunities. The source of the greatest stress is the possibility of making a cardinal mistake. One thing is for certain: I will never be a manager who can stay planted in a static institution. I still fully trust my own instinct of entrepreneur and innovator, and I rely on it much more than on seemingly wise theories of management. So far, it seems to be working out well.



*Sądecka Latarnia 2002r.*

## **SCHOOL IN A SMALL TOWN – A REPORT ON HOW THE SCHOOL TRANSFORMED THE TOWN AND ITS RESIDENTS**

When, in the early 1990s, I was planning to establish the School, I did not predict the positive influence a school could have on the economic conditions and promotion of Nowy Sącz in ten years time. In those days, I only had one goal in mind: to provide my electorate with opportunity to obtain a sound business education and to be better prepared for the emerging market economy.

Practically, I had an idea of a school for 'my people' – mostly residents of the Nowy Sącz constituency. In my initial plans, the School was supposed to be small because. I could not imagine an institution comprised of 4000 students, which would be comparable to the student population of the state-run Academy of Economics in a nearby metropolis of Cracow.

I have to admit that, in 1990 or 1991 it was beyond my wildest dreams to build teaching facilities that would accommodate 4000 students. Besides, for a long time the local public was against the School and against me personally. First of all, the School was, and, according to a few remaining stern opponents, still is, Pawłowski's private 'business'. Secondly, 'natural' excesses of the youth, especially nighttime, of the students who came from other communities, prompted exaggerated gossip and generalizations. In the popular opinion, those 'from the business school' drove around in expensive cars and painted the town red. The resentment was reinforced by personal prejudice (of local politicians, in particular) towards the person of the founder, and I myself did not try to make the situation any easier.

People were irritated by my confidence, by my arrogant statements that the School would be the best business school in Poland while 'everyone' predicted its fast bankruptcy. When the first success came, and I could not share it with other VIPs in town, the conflict grew. It developed fully at the end of 1994, when after a heavy fight, we managed to buy for the School the area that used to belong to a bankrupt construction company (for a sum exceeding 11 billion old Polish zloty for derelict buildings, to be paid back in installments over the period of 5 years).

We applied to have the zoning category changed from the industrial zone to the zone for educational activities. This was essential for our investment plans. It will certainly be difficult for the reader to comprehend but the war to change the zoning law spanned nearly seven years, and ended as late as in 2002, when the School's expansion was completed. These acts of constraining our development (exemplified by the decisions by the town authorities repeatedly rejecting our application) took place during the time when we started winning the first press rankings, and the

School's swelling influence on Nowy Sącz development became visible. This influence was better visible from a nearby town of Tarnów, from which, in 1995, came the initiative to move the School over there.

I associate the first, clear signals of a change in the public opinion towards the School with the period of 1997 and 1998. This is when the number of full-time students coming from outside of Nowy Sącz exceeded 1000. Rents charged for apartments and rooms increased so much that it was cheaper to rent a room in Cracow<sup>8</sup>. More and more families from Nowy Sącz started to enjoy, either directly or indirectly, the benefits resulting from the existence of an institution of higher education in their town. The first group of graduates, many of them from Nowy Sącz, started their professional careers in Warsaw with salaries several times higher than what their parents made. Increasingly more people (groups of 300–400) from Nowy Sącz and the surrounding area started enrolling in part-time programs. Finally, many in the local economy benefited from the fact that our students needed somewhere to stay, to eat, to spend their free time, to repair their cars or buy cosmetics.

When I was establishing the first institution of higher education in Nowy Sącz something important for the future of this town was being established too. But I had thought more about a promotional aspect, about creating positive publicity than about the economic effects. In the late 1990s, while shaping tangible arguments to use in our dispute with the local authorities, I commissioned a study on the School's effect on the local economy. It was to be carried out by our faculty members from the Marketing Division. Results of the study were published in *Studia Regionalne i Lokalne*<sup>9</sup> and surprised even myself. The study was carried out in the spring of 2000, when the number of full-time students stood at

<sup>8</sup> This situation triggered our decision to build own dormitory, which would provide reasonable prices for rent.

<sup>9</sup> Chlipała Paweł, Remi Małgorzata, *Wpływ WSB-NLU na rozwój Nowego Sącza w opinii studentów – wyniki badań*, in: *Studia Regionalne i Lokalne*, n° 2-3 (6), Warszawa 2001.

1,513 people. Students' total expenses exceeded 20 million per year, which means an average of PLN 1000 per statistical four-person family in the town of 80,000 inhabitants. The School spends an additional PLN 10 million per year on salaries of the Nowy Sącz inhabitants employed by the School and on the construction projects carried out principally by local companies (over PLN40 million during the last 5 years). Without exaggeration, during the 5 year period under investigation, WSB-NLU had pumped an amount exceeding PLN 200 million into the Nowy Sącz economy and the pockets of its inhabitants!

At present, when Nowy Sącz is suffering the consequences of losing its status as capital of the re-structured voivodship (administrative district), the School is recognized as the only institution that prevents the decline of Nowy Sącz and is its only chance for further development. Even 7 years ago, we could not have predicted this pivotal level of support that the school currently gives to the surrounding area.

In the years 1996 and 1997, an initiative was created in the Ministry of Education and eagerly supported by politicians of the Solidarity Electoral Action (AWS), to establish state vocational schools of higher education in smaller cities, former capitals of voivodships (administrative districts), as compensation for their lost status. These new institutions were to be created by transforming local teacher-training post-secondary colleges. The Parliament even passed a special law that facilitated the process of establishing such schools. From the very beginning I opposed this initiative, because it originated just before the time when the number of students entering higher education was about to diminish due to the demographic slump. This initiative was clearly directed against private institutions of higher education that frequently operated in the same cities. In those years, thanks to my visits at several American universities located in towns smaller than Nowy Sącz, and after reading numerous academic publications on the influence of universities on the local development, I have become aware of the impact of a large university (where the number of students coming from outside reached 10 percent of local population) on long-term development. Anyone

specializing in higher education can compile a long list of towns smaller than Nowy Sącz from all over the world which exist and develop **only** because of the presence of a large university operating there. In my belief, making use of synergy and capitalizing on the resources Nowy Sącz already had (including the prestigious and good name of WSB-NLU), would help to build up the stability of the economic structures in the area. I wanted, during the subsequent five years, to increase the number of students to 8000, with 5000 full-time students. This leap was impossible to make on the basis of WSB-NLU's existing resources. It required funds from the state, from local self-government, and from private sources, as well as existing human and material resources of the Nowy Sącz colleges. The idea was simple: a private school with the Government contracted number of places in tuition-free programs. The idea, heavily and eagerly promoted by Kazimierz Pazgan, the owner of Konspol company and then President of the National Chamber of Commerce, was immediately rejected by Nowy Sącz politicians. They wanted to have 'their' school in Nowy Sącz, naively hoping that they would be handing out jobs available there, and that they would be independent from Pawłowski. We fought hard, promoting our project in the local media. But the then prevailing opinion was that Pawłowski once again 'wanted even more for himself'. Finally, we lost, despite a positive opinion of the board of the High Council for Higher Education. Our proposal was rejected by the Government and the state and an institution of higher vocational education was established in Nowy Sącz.

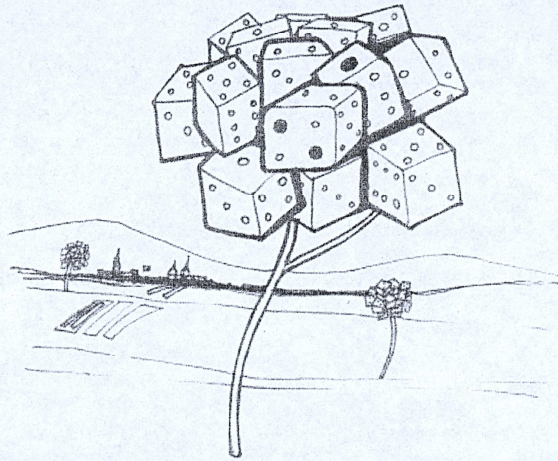
At present, after a few years of ignoring each other's presence, I cooperate with the rector of the state school that offers programs in less popular majors to over 3000, mostly local, students. Our school and I have benefited from evident failure of that project because it has allowed me to focus on matters related to WSB-NLU and successfully finalize the period of building the School with a planned limit on the number of students.

In general, my School has had a varied influence on the town it is located in. It can be presented in the following way:

- short-term (through new jobs and increase in residents' material status);
- medium-term (increase in residents' level of education and creation of new enterprises);
- long-term (general development of the town and the surrounding area).

One can estimate that approximately 15 new full-time students create one new job. If we calculate the ratio of salaries to the total amount of money from tuition, 11 full-time or 20 part-time students are necessary to create one new workplace. Of course, the correlation isn't totally linear, because the rate of increase in the number of School administration employees is much slower it can be assumed that, once the School has reached a certain size, as many as 200 additional students create new jobs in administration and support services. But one thing is certain: the cost of creating one additional job in higher education is several times lower than creating one in the manufacturing industry. On the basis of research carried out so far, one can state that 1000 new full-time students, whose influence on the town's economy is much stronger than this of part-time students, places more than PLN 10 million annually directly in the pockets of local residents. Such impact is essential in times when big manufacturing companies are going bankrupt and the rate of unemployment is rising.

Students, especially those from outside of Nowy Sącz, who start a full-time program here, have had a heavy impact on the development of small businesses. "Around the School", and precisely for nearly 2,000 full-time students, a variety of firms such as clubs, discos, cafes and pubs have been established where students represent the major group of customers. Only in the School's direct vicinity or on its premises, there are 6 restaurants and eateries which employ more than 20 people. I often make a joke about taxi drivers and owners of car repair shops as being the most ardent admirers of the School (students sometimes 'happen' to damage their cars slightly).



However, there are also longer-term initiatives emerging in Nowy Sącz. Apart from our own dormitories, which offer 560 places, a number of small, family-run guest houses has been created, where, when designing the family home, an additional story is built with rooms to let to students.

A big institution of higher education located in a small town can significantly increase the level of residents' education in a relatively short period of time. Based on the data from a report "Małopolskie Voivodship 2002" published by the Marshal's Office, there are approximately 47 thousand people in Nowy Sącz who are in their professionally active stage of life i.e., in the age group 21 to 64. Out of this number, 6,000 people have higher education. According to the present figures, every year as many as 300 residents of Nowy Sącz graduate from the WSB-NLU business program (mainly the part-time program). So, taking into account WSB-NLU graduates only and assuming that the current trend will continue, the number of people boasting higher education in Nowy Sącz will double in the next 20 years. One can quote here numerous serious studies showing that increase in the level of education is positively correlated with increase in entrepreneurial and innovative behavior, which, in the long run, will translate into increase of the general welfare of local residents. I was proud and happy when talking to several of my students of part-time

programs in Business and Computer Science who opened sole proprietorships and through the Internet provide services to companies operating in the US and the EU.

What remains to be discussed is the most important effect of establishing an institution of higher education in a small town, namely the long-term effect. We live in times of ever increasing globalization and metropolization, which is accompanied by a significant decrease in the number of jobs available in manufacturing industries. Huge multinational companies without hesitation relocate their assembly or manufacturing plants that employ several hundred or thousands people to cheaper-labor countries. There are fewer and fewer developmental factors that are stable and enable long-term planning. Against this uncertain and volatile economic and social background, the role of the education industry, in particular, of higher education, is apparent and crucial. There are many examples all over the world, where **prestigious** universities have provided stability and welfare for the communities where they are located. After some time, once the scientific community connected to the university has grown remarkably<sup>10</sup>, a host of high tech spin-off firms will emerge around university, or rather, as a result of its existence, and will translate scientific discoveries into applicable solutions. A dynamic, entrepreneurial university should become an innovative center for the development of the town it is located in. Will the Nowy Sącz WSB-NLU ever become an entrepreneurial university? There are great chances it will. But this is no longer dependent on its founder and employees only, but on many external factors as well. In particular, it depends on the local and regional authorities recognizing this opportunity, and on their determination to use the institution of WSB-NLU, and its prestige and potential to enhance development of Nowy Sącz. Taking into consideration the actions taken by the local authorities over the last two years (the fact that the Marshal's Office invested over PLN 3.2 M developing WSB-NLU, or a very positive attitude of

<sup>10</sup> Faculty members who not only teach students but also conduct research and run consulting firms.

the new town and commune authorities), one can hope that there is an increased recognition of WSB-NLU's importance for the development of Nowy Sącz in the future.

### THROUGH AND AGAINST WSB-NLU AND NOWY SĄCZ – LONELINESS OF THE ENTREPRENEUR TRYING TO REALISE HIS DREAM

When I read the invitation to contribute a chapter to a new, fourth volume of *Knowledge Café for Intellectual Entrepreneurship* "THROUGH and AGAINST" Institutions, and the documents attached, the first association I had was the "loneliness." It might seem a startling association but when I think of my both business Schools and of my relations with my hometown, then applying the phrase "through or against", I can see that I have often had to stand against **not so much my institutions but against the people employed there or against my own, beloved town**, only for their benefit. It is a case of "hard love" which I have had to apply from time to time.

It can be seen today, with hindsight, that often in these moments I was lonely. This is not an exaggerated feeling of a self-centered sensitive artist but an attempt at an objective analysis of the situation. A long time ago, in the mid 1990s, during the fiercest phase of the conflict with the local authorities, my experienced American friend told me when I confessed my problems to her: "Chris, get used to the fact that the higher you go the lonelier you will be." Unfortunately, today I have to admit she was right, although I must also admit that loneliness is connected with my personal characteristics such as individualism and self-confidence as well as my lack of team-working skills. But in part, this loneliness of a leader or an entrepreneur seems to be an immanent feature and required price one has to pay for success.

The very fact of establishing an institution of higher education in a small town was a clear act directed against the traditional group of state universities. My attempt in the early 1990s to build a prestigious school as an outsider to the academic community; moreover, as a politician, boasting close relations with business people and, at the same time, openly seeking a foreign partner, must have been taken as an arrogant attack against the academic community.

Therefore, for a few years, the academic community treated me, to put things mildly, with utmost reserve. Such attitudes did not bother me for long. Finally, I realized that it would be impossible to build prestige of the School working exclusively with students and the free market, and that it would be essential to gain the approval and understanding from the part of the academic community most open to changes and innovation. Then, with support of my friend and advisor, (a Nowy Sącz native, a former rector and professor, still very active in Warsaw) we undertook a series of PR activities aimed at building the acceptance in the Polish academic community for WSB-NLU and its rector. This was a good decision that brought desired results. The conclusion is obvious: even when building a new institution that clearly does not conform to standards, one cannot stand alone, but must find areas for possible cooperation.

In the Nowy Sącz School itself, the situation changed. During the first, most difficult pioneer years, I felt continuous support and approval from my co-workers. It should be noted that at that time people made decisions to join WSB-NLU because they were either determined or forced by personal circumstances or, attracted by my vision to build an extraordinary, PolishAmerican business school that would be the best in Poland. Both groups were usually brave and readily accepted all my decisions, even if they did not fully understand them. During that period, until approximately the end of 2000, I had the feeling that I marched **with the institution** all the time (the institution that existed in its full form in my head much more than in reality), as well as **with its employees**. I have always been lucky to be close with the overwhelming majority of my students and alumni.

At that time, however, I was pitted against the town or rather the town was against my activities. It was in my relations with the town that I felt most lonely or even helpless because I knew I was creating an institution vitally necessary for this town. However, instead of receiving assistance, I only faced major obstacles, that threatened the School's future. I remember one such moment clearly in the spring of 1994.

It was a time when I had fallen into a mood of resignation and wanted to give up in the dispute over the premises of the former construction company by agreeing to buy only half of the land. (The other half was to be purchased by a businessman who had already had one building there). I was fed up but it was my friend I have mentioned before, Kazimierz Pazgan, who saved the School. After he spent a long time persuading me not to give up my rights, and even threatened to break off our friendship, I pulled myself together and decided to risk everything. The whole affair had a happy ending for the School but someone reported me to the prosecutor for acting to the detriment of the state treasury (the politician who denounced me must have believed that I had bought this land for myself.) This is only one of many examples of loneliness I have felt strongly at times along the way. However, in this case, it was not complete loneliness, thanks to the support of Kazimierz Pazgan.

Nowadays, the situation is changing and I can see the residents of Nowy Sącz and its authorities progressively appreciating the School and supporting my activities. However, I started feeling lonely & at the School. As I have already mentioned, the Nowy Sącz School employs nearly 300 people and offers programs in three majors, apart from MBA and post-graduate programs. One can distinguish several (at least six) 'interest groups' – groups of employees who have different priorities and different visions concerning the School's future, and who support different organizational solutions and development strategies. What has been a surprising and disappointing experience for me during the last several years is the fact that the young people employed at the School are not very much interested in what the School will look like in 20 years' time but are more preoccupied with the present

day. Some of them become complacent and satisfied with their positions very quickly and grow accustomed to the coziness of stability.

A few years ago, I still believed that youthful natives of Nowy Sącz employed on an exclusive basis, would feel responsible not only for the effects of their present efforts but would also assume responsibility for ensuring their future at the School in 20 years' time. This group, of more than 100 people now, consists of associate professors, junior lecturers, language teachers and instructors. In an effort to have them focus only on their work for the School, I maximized their salaries in relation to tuition<sup>11</sup>. Of course, one can easily conclude that it is an effect of mismanagement, and I admit to mistakes in my actions. But despite various attempts and my use of variety of methods to motivate them, the effect is still unsatisfactory. A 'cold, calculating', professional manager would say in this situation: 'just replace the majority of the people because there is a favorable labor market and you will be able to choose new employees from several hundred candidates'. But, unfortunately, I am not a cold and calculating manager and I remember that together with some of these people I survived the most difficult period in the School's history.

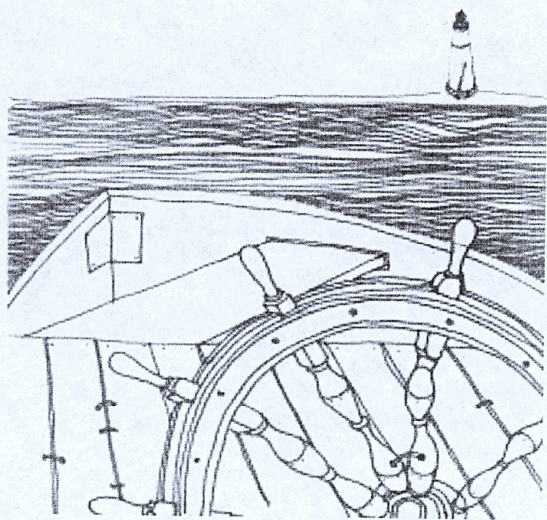
What I find surprising is the fact that even very open and ambitious young people, while thinking about the School's future, to a large degree, repeat well accepted standards and believe that our goal should be to transform the School into a university and that will do. But then, we would be one of many European universities, one located in a small town, somewhere on the edge of the world, i.e., on the periphery of the great Union. **Being different** has always been our advantage and it, together with high quality and chances to find a good job, has attracted candidates from all over Poland to the Nowy Sącz School.

More and more often, whether I like it or not, I am thinking about the future of the School after my departure. In order to

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<sup>11</sup> An average monthly salary in a group of 113 people during the last academic year was PLN 4045.

prepare the School for this I have designated a date when I am going to leave. It will be October 1, 2014, God permitting. Preparing the School for the future is becoming a more and more important part of my work, nearly an obsession. I have made another attempt to create a team of people who think of the future. I created a 13-person team of carefully selected School employees, most of them young whose task is to prepare a long-term strategy for the School. At the time this is being written, the results of their work are yet unknown but I count on some new, crazy ideas emerging. The worst that could happen would be repeating the steps that others have already taken.



I must state it clearly: several times during the last few years I had to act not against the institution but **against** its employees, e.g. taking away their overly strong sense of stability, rationalizing fixed costs (thus eliminating some extras they had received before when the School was small and their cost did not threaten the School's financial stability), introducing a motivational salary system, or – through the scale of expansion – making it impossible to increase further individual salaries. I am deeply convinced that

all those actions were necessary for the School as an institution (which does not mean that their implementation was smooth) and, in the long run, will bring positive results even to those who previously reacted to them with anger or disappointment. Moreover, definitely these decisions will prove beneficial at least to the most ambitious and the wisest of the employees.

An important task for any leader is to build a team, to persuade more and more employees to accept his or her arguments and to reach each employee with the mission and the vision. This is of course an ideal picture and I would be interested in results of sociological studies of this question in Polish private schools of higher education (because public schools, as long as they receive public funds, do not have to think about it). I would be happy to allow such research to be conducted in the Nowy Sącz School, although, I suspect rather discomfoting results.

Does this mean that I can already conclude that I failed as a leader inside my institution? It does not seem so, but the situation is much more complicated and difficult than anything I had thought or dreamed about. Creating a team that would work not only for itself but would think primarily of the institution and act with the long-term benefit of the institution in mind will take a longer time. Analyzing my relations with the faculty members, I have a feeling that some of my problems stem from the fact that the target group with which I have built especially strong relations in the School are students. Maximizing 'added value' which students gain at the School should be the most important advantage of our School. No one likes being a tool, and even the noblest people, academics in particular, want to be the most important subject of the institution's actions. I have a feeling that some of my leadership problems arise from the priorities being perceived in such a way.

What would happen with our School if, just like in any traditional institution of higher education, the most important goal of its activity became the development and personal careers of faculty members employed here? For me this is only a rhetoric question since I will not let such a situation happen as long as I am around.

There can be no conclusion to this text since it can only be written by a future historian of higher education not earlier than some 100 years from now, if the positive scenario of the future of WSB-NLU is correct. I can only hope that he or she will describe the development of Nowy Sącz as a dynamic center for innovation and enterprise, which based its future on the support of its world-famous School. And while writing about the beginnings of the School's activity, he or she will quote from volume 4 of *Knowledge Café for Intellectual Entrepreneurship*.