



Discovering the undiscovered

WHAT DO PAINT, CHOCOLATE AND COSMETICS HAVE IN COMMON? HOW CAN EXPERIENCE WORKING FOR AN AUTO PARTS MANUFACTURER EQUIP YOU TO RUN AN FMCG COMPANY? HOW CAN A 30-YEAR-OLD CEO WIN OVER THE TRUST OF SUBORDINATES TWICE HIS AGE? THESE ARE SOME OF THE QUESTIONS THAT **IGOR JELIŃSKI**, CEO OF CHOCOLATE PRALINES AND SUGAR CONFECTIONERY MANUFACTURER MIESZKO, CAN ANSWER FROM HIS OWN EXPERIENCE. HE TALKED TO WBJ ABOUT HIS EXPERIENCE IN VARIOUS INDUSTRIES AND HOW IT HAS HELPED HIM TO SHAPE HIS BUSINESS ACUMEN

WBJ: What was your early career like? In 2001, as a 30-year-old, you joined the management board of Polifarb Cieszyn-Wrocław, the market leader in paint production in Poland. Three years later, you were promoted to CEO of the company. What challenges did you have to face as the youngest member of the board and later as the head of the company?

Igor Jeliński: It was a big challenge, as many of the members of the management board were about 55 years old. First, I had to win credibility within the highly experienced management board.

It helped that at the time when I was hired, the company had a serious tax-related financial problem. It was my number one priority. They had been looking for a solution for a year. Within two months, I pulled the company out of the trouble. By solving this case, I legitimized my position on the board and as a CFO.

What did you do next?

Then we started restructuring the company. The company had been formed from two firms: Polifarb Wrocław and Polifarb Cieszyn, two of the largest paint producers in Poland, which had previously been competitors. However, not all synergies from the merger were fully implemented. To improve the performance of our business we decided to make specialized plants by reshuffling production lines. The Wrocław plant focused on decorative paints and the Cieszyn plant on industrial coatings. What we also did was sell all non-core assets: all non-paint business related affiliates, real estate, incinerators, kindergartens, holiday resorts etc. We also transferred the fire station we owned to the city. We basically tidied up the cost-side of the business.

Despite it being a massive restructuring process, there wasn't a single lay-off. There were outplacements, early retirements, we helped some employees establish their own businesses which later cooperated with Polifarb.

Then, still as the CFO, I was appointed Interim Sales Director for a period of eight months. One of my tasks was to find a new sales director. I hired a person from outside the industry, from the FMCG market. That's when I was promoted to CEO. Finding the right person for the job and stabilizing the business' sales was the final test I had to pass before becoming CEO.

Why did you choose someone from the FMCG market?

The company had an aggressive competitor that was encroaching on our business. We were facing a shrinking market share and had to remedy that. That was the job of the new sales director and his team. We had replaced some 80 percent of the previous sales team, mostly with people from the FMCG industry. That's because we wanted to implement solutions from FMCG into a company that produced coatings and paints.

What kind of solutions from FMCG did you adopt?

We were inspired by the way FMCG were sold. One of the things that had existed in FMCG for years and was not used in the coatings and paints business was pre-sellers: people who visit stores taking orders and making direct contact with the store. At the time DIY stores were still in their early stages in Poland. Some 70-80 percent of paints and coatings was sold through traditional retail.

What were the results?

Very positive. It took less than a year to see the downward trend reversed and sales going up. The company was finally back on track.

What other industries did you work in before joining the chocolate business?

I started in FMCG, I worked for Pernod Ricard in France and for the distributor of French milk producer Cedillac-Candia in Poland. After my military service, I wanted to return to Poland and the opportunity came from a producer of automotive spare parts. Everyone in the business knows that the automo-

tive parts industry operates on low margins. That's why the cost-side of the business is vitally important. The automotive industry in France is considered a perfect way to earn your chops in finance controlling and cost cutting.

Do you think that working in so many different industries: FMCG, automotive, coatings and paint offers valuable insights into business in general?

Absolutely. Working in one business may limit your ability to think creatively. Everyone wants "out-of-the-box" thinking these days and it helps when you have a broader perspective. As the Czech writer Milan Kundera once said, you have to live many lives. If you've only lived one life, it's as if you haven't lived at all. Different work experience can teach you things you never expected, like taking tried and true solutions from one industry and implementing them in a different one, being at the forefront of change in the business and shaping it.

What changes did you make when you took the helm at Mieszko?

I started with getting to know the business. Chocolate pralines and sugar confectionary was a new thing for me business-wise. The first thing I did was sell Artur, one of the affiliated companies, which produced cookies and crackers. I decided it wasn't worth chasing two rabbits at the same time. Instead I decided to focus on chocolate pralines and sugar confectionary – go back to the company's basics. At the same time, we decided to concentrate all our production in Racibórz, in one place. To do so, we had to close our factory in Warsaw and transfer production lines. We also withdrew products that were performing poorly, those that sold at very low margins or simply did not fit well into our new strategy. We want to continually improve the taste and quality of our products. First, you have to do "better business, and then bigger business." It doesn't make sense to chase a market share at all costs.

I also made the R&D department,

"It doesn't make sense to chase a market share at all costs."

which used to be just a part of the operations, a separate unit within the firm, reporting directly to the CEO. I think its role was underappreciated before. I believe R&D is the heart of a company.

Also, all top management had to be replaced. It was the first time I'd ever made such a move, but it was necessary. We had to replace the people who didn't share or did not get onboard with our new strategy. It took some time to complete the new management team: some people were promoted from within the company, but most came from outside the organization. One of the people I was looking for was a head of marketing. I chose a person from the cosmetics industry.

Why the cosmetics industry?

For two reasons. One, there are several companies in the market like us. I wanted to make our firm stand out. I didn't want someone who had spent half their career working for our competition. I wanted to avoid a copy-paste approach.

Secondly, just like in the case of paints and cosmetics, it is usually women who decide what chocolate to buy. We all eat chocolate, but it is women who drive the act of purchase.

What is your strategy when it comes to Mieszko's products? Is it easy to introduce new brands in the chocolate business?

Chocolates are often purchased as a gift, like cosmetics and alcohol. Mieszko's products were seen as a present you buy only for special occasions. They were big, cumbersome boxes that you wouldn't buy for yourself. We decided to enlarge our product offer in order to present to our consumers and clients products you would also buy for yourself, for

everyday pleasure, something to share with relatives and friends, to lift your spirits etc. I want to steer the brand towards becoming an everyday purchase. We're doing that by offering additional and different packaging sizes that correspond to current trends.

But it's not an easy market to introduce new brands. You need strong marketing support. And sweets and chocolates belong in the impulse buy category, where loyalty is very low.

What trends have you observed in the chocolate industry?

First, smaller packages: up to 200 grams. Their sales are growing. Large, decorative boxes are becoming a thing of the past. Just like in Western Europe, where they appear on shelves mostly during Christmas or Easter and disappear soon afterwards. Smaller sizes also give you the feeling of controlling your consumption.

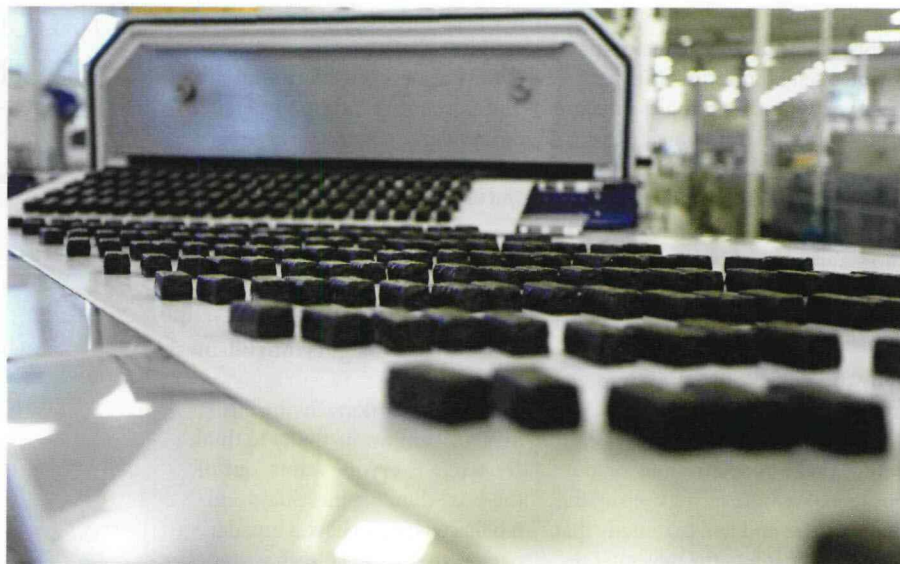
Another trend is good quality with a large percentage of natural ingredients. In one of our top products, Michaszki, we just increased the amount of peanuts to 25 percent. Consumers don't want saturated fats, chemical additives etc. It's part of the health trend. Consumers expect additional benefits and that's why we're expanding our functional sweets segment: candy with natural juices, vitamins, and herbs such as eucalyptus with salvia. We're also developing our candy business because it is less seasonal than chocolate. We aim to offer our clients and consumers products they can enjoy all year round.

Poles are becoming increasingly demanding as they discover the world and educate their palates. They want to taste life and we want to give them what they're looking for. For instance, a lot of chocolates and pralines are now dessert-inspired: they can be panna cotta or tiramisu flavored, like for instance our Amoretta Desserts.

In one word, Polish consumers are smart shoppers, they expect high-quality products for a reasonable price.

What kind of management style have you implemented at Mieszko since you took over as CEO?

I implemented cross-functional teams – I was inspired to do so by Carlos Ghosn, who saved Nissan from the



verge of bankruptcy in the late 1990s. We define problems in the company and then we build teams made up of talented people from many different departments. A problem can't usually be solved by one department alone.

One of the most important challenges of leading a company is managing change. When people are the authors of a solution, they are more open to adopting it. Of course every team needs a leader, but there are no directors as part of these teams, as that could limit the creativity.

You have to be open to new challenges and accept the fact that the way you did business yesterday may not be the right way to achieve success tomorrow. The capacity to keep questioning yourself, your preconceptions, everything you think you know is essential.

I love sailing and to me leading a company is similar to steering a boat. You need a direction and you need to keep on course. Otherwise you'll find yourself going in circles. At some point you will come up against waves and storms along the way. You can't be afraid of them. Every ship needs a captain who knows where it is headed and who is able to convince the crew it is worth the effort to get there.

The captain is a kind of engine for the team but he or she is nothing without the right crew.

You are known for your unorthodox approach to doing business, like employing a marketing director for a chocolate company with background in cosmetics or implementing FMCG tactics to sell paint. What drives you to do things differently?

When I was eight I left Poland to live in France. We lived close to the first Carrefour ever opened. The store had toys displayed on shelves in a way I had never seen before in Poland during the communist era. And there I was, just sitting on the floor of the store looking at all the colorful toys. I was impressed by such a huge offer of toys. Later on, when I was studying philosophy, I was very much inspired by Plato who said: "If you do not know goodness, beauty or science, you cannot desire it because you do not know it." Those experiences led me to want to do more and better, to push the boundaries.

When I travel with my family, my wife and our three kids like to make an occasional stopover. They look out the window, find a spot and want to stop. However, I look down the winding road and think to myself: "What might there be around the next turn in the road? Perhaps there's an even nicer spot." And I keep going, I keep surpassing my own expectations. I want to discover the undiscovered. ●