

## Title:

Zoran against the World - Entrepreneurship in Transition

## Word Count:

1665

## Summary:

Technologically, it is probably the most advanced printing facility in the Balkan. It cost almost \$2.5 million. It was constructed in less than a year. And it is in dirt-poor and war-torn Macedonia.

## Keywords:

## Article Body:

Technologically, it is probably the most advanced printing facility in the Balkan. It cost almost \$2.5 million. It was constructed in less than a year. And it is in dirt-poor and war-torn Macedonia.

Behind this incredible tale of entrepreneurship, uncommon in these nether-regions, stands Zoran Rosomanov. A stereotypical visionary - mane, blazing eyes, imposing physique - this man, against nightmarish odds undreamt of by his Western counterparts, constructed, single-handedly, an impressive, star-trek like, factory.

Literally single handedly: digging the muddy soil, hoisting bricks onto cranes, driving earth-removal heavy machinery. He begged, cajoled, and persevered. And he made it. His story serves a lesson to all the forlorn dreamers in the sad countries of the East.

Thirty-six year old Zoran represents a new breed of "can-do" businessmen in Eastern Europe and the Balkan. His philosophy is the outcome of first-hand exposure to Western management techniques and ideology. He does not rely on the state to provide for him or for his enterprise. He actively seeks foreign inputs - in capital, contacts, and know-how. He is well-traveled, polyglot, affluent, a consumerist. He is enamored with technology and gadgets.

Still, he likes to think of himself as a creator, or an artist - rather than a money machine. He emphasizes the design-related portions of his company. He brags of his hobbies: photography, interior design, music. His home and office serve to advertise not his wealth - but his aesthetically-informed talents. He

is smartly dressed and well-mannered, indistinguishable from his colleagues in the West. Though he loves Macedonia, his homeland, he is, in essence, a citizen of the world.

Zoran started off as a TV music editor in the Macedonian state-owned channel. The highlight of this brief phase in his career was a human rights concert in Budapest. But he soon discovered his true calling: business. He joined a Belgrade-based musical instruments trading firm as a traveling salesman. At the age of 21, he was put in charge of 185 people as head of the Sales Department.

But Yugoslavia was disintegrating. Yugoslavs lost their common identity overnight and woke up as Macedonians, Croats, Serbs, or Bosnians. Zoran went back to Skopje, where he opened, with his savings, a chain of 11 stores of electronic consumer goods.

But he noticed that how you sell is at least as important as what you sell. He discovered marketing. After a stint of studies in Milan, Italy, he came back to Macedonia and, in 1992 he established "Divajn". "I noticed that everyone in Italy asked me about Macedonia. They were interested. So, I decided to connect people." The company was the first to offer a vertical, marketing campaign-orientated service: from poster ads to sales force, a turnkey solution.

He also noticed that, the paperless office notwithstanding, there was a great demand for paper products. In a typical move, Zoran bought an expensive computer and began to design such products for his contacts. "But I noticed that, following a first satisfactory order, they circumvented me and went directly to the printer".

So, he decided to become a printer as well - by merging with a print shop. He placed an ad and settled on one of the applicants. They have been inseparable ever since. Their joint company, "Bato and Divajn", owns the new facility and Zoran's partner supervises the daily work there. "Wealth is in people - not in money", says Zoran.

His secretary has been with him for 11 years. Miki, the talented head of the pre-press division and quality control, has been working with him for a decade. Zoran values loyalty. He trains his staff personally. Every single one of his 40 workers (soon to increase to 55) has gone through a 6-month period of apprenticeship. Then they are on their own. "I believe in delegating," says Zoran, "though I never lose sight of the details. And I am very demanding".

When the combined business expanded, Zoran needed new machines. He tried to find investors, both domestic and foreign, but failed. So, he approached a friend of

a friend in Holland. This guy owned an envelope factory and was interested to sell one of the used machines for a mere 400 thousand DM (i.e., c. \$180,000).

In typical irresistible gall, Zoran offered him \$13,000 as an advance payment. "I will pay you the rest over 3 years" - he pledged earnestly. "What is your guarantee?" - asked the shocked seller. "Your trust" - responded Zoran. The stunned Dutchman accepted. Zoran paid him back in two years.

This pattern of unmitigated self-confidence, infectious optimism, and non-conformism pervades Zoran's way of doing business. He won an order for a million labels simply by waltzing in and producing samples he scanned off empty beer bottles. He is now the exclusive printer for this brewery.

Last April, as he was visiting another client - his firm supplies all the Macedonian blue-chips - he overheard a discussion about problems with a Slovenian supplier. "If I were to establish my own factory here, will you buy from me?" - he enquired. They said yes - and so did many others. "It was my market research" - he grins. Why import from Slovenia if there is a qualitative alternative in one's backyard? Zoran is a great believer in import substitution and buying local. It is not only patriotic - but it makes economic sense.

He proceeded forthwith to find land. His firm designed the construction project. All he lacked was the printing presses. He had less than \$100,000 in cash. He needed another \$2.4 million. Others would have regarded this deficiency as insurmountable. Not Zoran.

He decided to get the best equipment money could buy - and that meant "Heidelberg". So, he picked up the phone and called Alexander Hufnagel, Heidelberg's director of East Europe. When he asked to buy on credit, they naturally demanded a bank guarantee. Zoran prepared a business plan and went to Komercijalna Banka, Macedonia's second largest retail bank. He asked for \$1 million, partly from IFC funds dedicated to small and medium enterprises.

Macedonia's economy has been in dire straits long before its independence in 1992. Nearly one third of the workforce are unemployed. The heavily-politicized and under-capitalized banking system is largely dysfunctional. Lending to business is almost at a standstill. Zoran's was an unprecedented application.

When Zoran dug the first foundations in an industrial park at the outskirts of Skopje, a civil war between Macedonians and Albanians has erupted. Fighter planes and helicopters buzzed above head and police and army streamed to the Aracinovo, a besieged village, not far from the site. There was palpable panic in the air.

Komercijalna Banka asked for a collateral and Zoran offered the new equipment. "Title will revert to me only when I finish paying you", he explained. Unbeknownst to him he has invented leasing. He then turned around and offered Komercijalna's money to Heidelberg as his equity. After a grueling few days of due diligence, Heidelberg agreed to give him supplier's credit amounting to the rest. They asked to him to guarantee the credit personally. He willingly accepted.

Zoran then proceeded to convince them to establish a maintenance center, replete with spare parts, in his new factory. "I don't charge them rent" - he discloses impishly - "My machines must work 24 hours a day, 7 days a week. It is useful to have a maintenance crew and spare parts handy." The next logical step is to become their representative in Macedonia. "I am working on it. But I want them to provide me with revolving credit to be able to offer financing together with the equipment".

But this financial wizardry has depleted Zoran's resources. He resorted to an old communist stratagem: the barter ("compensation" in East European argot). He traded print jobs for building materials. It was one of the worst arctic winters in memory with temperatures often dropping to way below the freezing point. But construction continued, the shivering workers spurred on by Zoran's personal example.

When the equipment finally arrived, Zoran was presented with a \$450,000 bill - for the newly imposed Value Added Tax. In a complex financial somersault, Zoran borrowed against future VAT refunds and overcame this obstacle as well. The NASA-like control panel, the printers, cutters, templates for different cigarette brands - all were finally installed in the half completed structure.

"This is my country" - Zoran toggles an unlit smoke - "It is beautiful. We just need help. I could never have done it without the help extended to me by Heidelberg, Komercijalna, the IFC, my clients. My wife stood behind me. This network of support is indispensable. There can be no entrepreneurship and initiative without it!"

"Aren't you afraid to fail?"

"I have no fear. With all our problems - we still must exist. We must survive. Many say I am crazy - but time will tell who will succeed. You must persevere. If the bank would have said no - I would have gone elsewhere. There is always a solution. My advice: get your suppliers involved. Heidelberg now has a stake and they will refer clients to me. I said to them: you want me as a client? Then

give me credit!"

"Operating in Macedonia is not easy..."

"A country should be run like a business and politicians should act like CEO's. Macedonia has the potential to be this region's Switzerland, though it must concentrate on exploiting its natural endowments: climate and soil. Agribusiness is its future. All we have to do is encourage foreign investments by safeguarding property rights and overhauling the court system and law enforcement. We have to learn from foreign investors and emulate them."

"But foreign investors are potentially your competitors..."

He tilts his head back and laughs uproariously:

"The Slovenians tried to arm-twist my clients, slander me, and spy on my operations. I can now easily compete with them in the Serb market. My transport costs are much lower. My machinery is so advanced that I can work for the strictest multinational anywhere from Switzerland to Turkey. We are getting the ISO quality certificate shortly. So, they are scared. What has been my response? I bought more land for future expansion..."