

A business built from the ruins

Andrzej Blikle has revitalised his family patisserie firm after years of hardship under communist rule, says Jan Cienki

In January 1990, just months after Poland emerged from 45 years of communist dictatorship, Andrzej Blikle was faced with a choice. The professor of mathematics could spend his holidays skiing, or poking around in the family patisserie and cafe in downtown Warsaw to see if he could turn it into a going concern.

He chose the patisserie, becoming the fourth generation in his family to run the business, located on one of Warsaw's swankiest streets since 1869. Now his son Lukasz is being groomed to take over the company.

"For me it was a calling. It was my second youth," says Mr Blikle, 67, who still has something of the continental professor about him as he sits in his wood-panelled cafe. "I didn't know anything about business. I taught myself everything."

That makes the Blikle family exceedingly rare. In western Europe, family companies with a century or more of corporate pedigree are not exceptional. But in Poland only a handful of family businesses survived Nazi and communist rule. Today, the average family concern was launched in the early 1990s and is still being run by its founders.

Mr Blikle's business roots go much deeper. His great-grandfather, Antoni Blikle, founded the A. Blikle patisserie in Warsaw, then a city on the fringes of the Russian empire. His grandson, Jerzy, expanded the business between the wars and kept the cafe open during the Nazi occupation.

The patisserie building was destroyed during the 1944 Warsaw uprising but after the war the business reopened in the same place -



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under the starkly different conditions of communist rule.

As a private business owner, Jerzy Blikle was an object of constant suspicion. He could employ no more than 40 people - which at one point was enough to make Blikle one of the largest private companies in the country. The main goal became survival.

On one occasion he was arrested for buying 15 eggs from a retailer instead of a wholesaler. Faced with constant shortages, the bakery would buy orange peel from its customers in order to make *paczki* - the jam-filled doughnuts that are Blikle's most famous product. With

chocolate available only on ration cards, Jerzy had to go to hard currency shops to buy western chocolate bars to use in his desserts. But he never considered shutting down his business.

"My father was arrested several times and he told me, 'They can take my business by force but they will never get me to give up my shop'," says Mr Blikle. "It was thanks to his tough character that the business survived at all."

Because the company's future was uncertain, Mr Blikle chose a career in mathematics, lecturing in the US, Canada and Scandinavia. He had only the haziest notion of running a busi-

ness when he decided to help his cousin with the family shop in 1990, nine years after his father's death.

That was the year capitalism roared back into Poland. Pavements were covered with people setting up tables to sell goods - the first private shops. Anyone with energy and drive was busy opening a business, made easier by one of the most liberal corporate law regimes in Europe.

"Whatever was not forbidden was allowed," says Mr Blikle, drawing a contrast with today's situation, in which Poland has one of the least favourable business environments in the EU after successive governments larded restrictions on entrepreneurs.

He took stock of the shop and realised it had to expand to stay alive. "I saw that it was grow or perish," he says.

The first opportunity presented itself after an entrepreneur from Lodz, about 130km west of Warsaw, decided to sell Blikle's *paczki* in his home city. Every day the bakery would fill two taxis with the buns, which would deliver them to his house in Lodz. He would sell out in two hours, pocketing a 40 per cent mark-up.

At the same time Mr Blikle was organising a loan to expand the business and his banker told him about the idea of franchising.

"I had no idea of what that was, so the banker's wife

bought me a book about franchising in London," says Mr Blikle. "I read it and the man in Lodz became my first franchisee."

But in rediscovering a tradition of entrepreneurship, Mr Blikle experienced his share of difficulties. At first he decided to select franchisees who were just start-

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ing out. Later, though, it became clear that these were less successful than those who already had enough money to build a Blikle-style patisserie or cafe. Nor was franchising to proven businesspeople foolproof, since they often ran their cafes at arms length through less committed managers.

"Franchises are best run by families," says Mr Blikle, adding that more than a dozen franchisees had to be closed over the years while he perfected his model.

Today, new franchisees must pay a starting fee of 25,000 zlotys (\$8,600). The family retains total control

over quality, baking all its goods in Warsaw and transporting them every day around the country.

Returning to his business heritage has made Mr Blikle an apostle for capitalism. In the 1990s he bought an overhead projector and began giving monthly business seminars. His lectures are free and open to the general public, and typically draw a 100-strong audience.

"It was expensive to train people and I thought, 'I'm a professor, I can teach,'" he says. "I've sort of returned to academia through the back door."

When he took over the business it had only 40 employees in its one historic location, and was worth about \$60,000. Now, after investing more than \$1.5m, it has sales of 21.4m zlotys, runs eight cafes of its own and has nine franchised outlets around Poland.

As Lukasz Blikle prepares to take over the company, his father is giving a lot of thought to succession issues: "Sometimes a choice has to be made between being a workplace for children or a company that has to be managed professionally," he says.

Looking back on his transition from academic to capitalist, Mr Blikle has only one regret: "That my father couldn't see this, couldn't see that the business would survive and I would be involved, and my son after me."

Back with the family at last

How do family members step back into a business after an absence of half a century?

Warsaw's Europejski Hotel was confiscated by the communist government in 1950 and regained in 2005 by its family owners after a 15-year legal fight.

"The majority of the family would like to return to the entrepreneurial traditions of the past," says Loic Guiborge, chairman. "We would like to keep the business in our hands but we no longer have experience in the hotel

business so we are looking for a partner."

A 15-minute walk away is the Jablkowski Brothers' department store, confiscated by the government and still not back in family hands. While fighting for return of the property, the family has reformed the company and plans to build a new store next door.

"People are re-creating companies that had existed for many generations," says Jan Jablkowski, who was two years old when the store was expropriated.

Those who do regain control of their property can often build successful businesses. Jerzy Donimirski was working as an architect in California when communism ended and his family regained a palace in central Krakow.

Instead of selling out, Mr Donimirski bought out his cousins, renovated the building and rented it to western companies. He has used the profits to build a chain of boutique hotels.

"I decided to use the palace as a jumping-off point," says Mr Donimirski.