

An aerial photograph of a city, likely Ljubljana, Slovenia, showing a river winding through the center. The buildings are mostly multi-story with red-tiled roofs. There are green spaces and trees interspersed among the buildings. A yellow banner is overlaid on the top left corner.

Family business  
**Slovenia**  
**2015**

The EY logo, consisting of the letters 'EY' in a bold, white, sans-serif font. A yellow diagonal line is positioned above the 'Y'.

Building a better  
working world





Family business  
**Slovenia**  
2015

04

# Foreword

06



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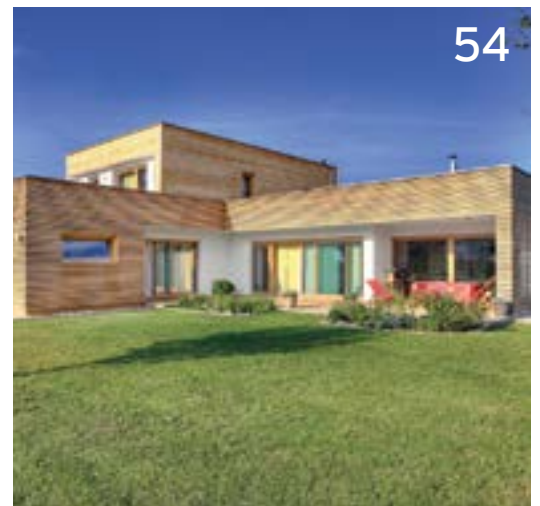
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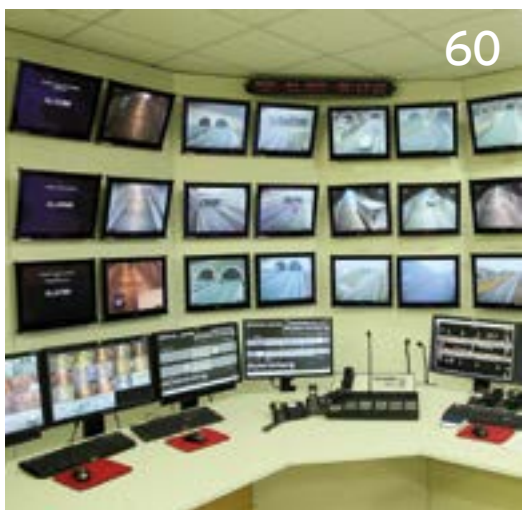
12



18



36



60

## Contents

- 04 Foreword
- 06 AJM Group
- 12 B & B, d.o.o.
- 18 Čokoladni atelje Dobnik
- 24 Don Don Group
- 30 Elvez, d.o.o.
- 36 Hidex, d.o.o.
- 42 Termo-tehnika, d.o.o.
- 48 Group LOTRIČ Metrology
- 54 Lumar IG, d.o.o.
- 60 Tenzor Group
- 66 Survey of family businesses in Slovenia
- 70 EY and family businesses
- 72 EY NextGen Academy

“Research confirmed that the merits of family businesses include high quality products and services, excellent cost management, well-established brands, customer loyalty, flexible and focused management and the vision for long-term development.”



**Janez Uranič**

Country Managing Partner  
EY Slovenia

# Foreword

## Sharing our success stories with the world

In recent years, family business in Slovenia has attracted increasing public attention. We hope that our project will boost this interest further, in promoting recognition of family business and its valid contribution to the local business environment. Last year, EY published the first Family Business book, presenting 10 examples of the best Slovenian family businesses. The book was enthusiastically received by those business owners presented, and also, thanks to circulation of its English version, the EY network worldwide. As a result, these success stories of fast-growing and export-oriented Slovenian family businesses reached more than 150 countries, as diverse as the USA, Poland and Turkey, and thousands of employees around the world.

We are proud that representatives of the renowned Roto family business joined EY at a two-day international event on family business in Monte Carlo, while members of the Vivapen family shared their own business story with students of law and economic sciences at the EY Autumn School, organized in collaboration with the Faculty of Economics at the University of Ljubljana.

In order to further research the attributes of Slovenian family businesses, this year we collaborated with Prof. Dr. Boštjan Antončič, Department Chair at Academic Unit for Entrepreneurship at the Faculty of Economics in Ljubljana. Together, we carried out a survey of 360 family companies to discover their common traits. Based on the results, we can conclude that today, family businesses account for 83% of all companies in Slovenia.

Furthermore, the research confirmed that the merits of family businesses include high quality products and services, excellent cost management, well-established brands, customer loyalty, flexible and focused management and the vision for long-term development.

These characteristics are also typical of the family businesses presented in this year's EY Family Business 2015 book. We hope that in reading these stories you will also feel the energy, courage and determination that continue to drive their subjects' success into the future.





## Janez and Marija Ajlec, Julija Ajlec Težak, Jasmina Keuc Ajlec and Monika Krempf

Owners, AJM Group

Now celebrating its 25th anniversary, AJM's original production of white PVC windows has expanded to include a comprehensive range of joinery products. Family values are written in capital letters in the structure of their business. They place significant importance on the right balance between the work and family lives of their employees, and consequently were one of the first companies in Slovenia to be awarded a Family Friendly Enterprise certificate. The degree of family influence on the working environment is reflected in the decision of all members of the Ajlec family to join the business. Driven by development, their business has outgrown Slovenia, and their innovative products have won over both domestic and foreign markets. This successful business development formula has made AJM one of today's industry sector leaders in Slovenia and Europe.







"I believe that our success is partly due to the fact that I have always respected the competition, business partners and customers."

**Janez Ajlec,**  
Owner, AJM, d.o.o.



AJM products meet highest energy-efficiency and design standards



Innovative window Zero Sash, developed by AJM

## Unstoppable entrepreneurial spirit

In 1990, husband and wife team Janez and Marija Ajlec established AJM in Kozjak nad Pesnico, as a joint venture with two Austrian partners. Despite social and economic changes and the collapse of the common Yugoslav market, the entrepreneurial team believed in their company, which began with eight employees. Today, AJM is an international company employing 190, selling its products in key European markets as well as in Russia, Japan and Korea.

The company's success did not come as a surprise; it was built on entrepreneurial experience dating back to 1972, when Janez and Marija tried their hands at running a catering business and operated two restaurants and cafes in Germany. However, they longed to return to their homeland and after a few years sold the business to generate start-up funds for a new venture in Slovenia. Once home, Janez imported machines from Germany for the construction sector and over the next 13 years he successfully pursued a career in civil engineering. However, his entrepreneurial spirit could not settle in this particular business: "While I was looking for a new opportunity, I heard about plastic windows. I visited a nearby showroom across the border in Austria where, for the first time, I saw white bi-fold windows with shutters. I immediately felt that this was a product that could be successfully marketed in Slovenia." Initially he established a sales agency and later decided to start his own production, which allowed the marketing of windows at a lower price. Together with other family members he founded the company and named it AJM, after the initials of the three partners' surnames.

Despite the company's successful performance, due to the uncertain situation in Slovenia in the early nineties, the Austrian partners decided to withdraw. As a result, Janez gradually passed on the family's company share to his daughters: first to the eldest Monika, and then also to Jasmina and Julija. "So we became a family business with no external owners. We were among the first family businesses in Slovenia. The late development of entrepreneurship is to blame for the fact that today, family enterprise is not as developed in Slovenia as in the rest of the world. Abroad, there are family businesses with centuries-old traditions, including successful multinationals. However, I am glad that this is slowly changing and family businesses are also increasingly gaining ground in Slovenia. There is more discussion about family businesses which is probably because as a rule, these are successful companies that are currently undergoing the transfer of management from the first to the next generation," explains Janez and adds that family businesses are also among their major foreign suppliers.

## Every third window is exported

"I believe that our success is partly due to the fact that I have always respected the competition, business partners and customers. I cannot stress strongly enough how important good customer relations are for our business. Their satisfaction is our first priority; it is for them that we are trying to develop ever-better products," says Janez, explaining what drives the development of his company, adding that due to this philosophy they are today among the leading development companies in the industry, at home and in Europe. Today, their annual turnover is over €20 million.



The company produces a wide range of joinery products from different materials including windows, blinds, balcony and front doors and a wealth of accessories, all in a package that includes professional installation.

Today AJM is a highly export-oriented company, as every third window is exported to foreign markets. In future, they intend to increase this percentage even further. In addition to Slovenia, they are present in the Austrian, Italian, Swiss, German and Croatian markets. In all of them except Germany, they have their own subsidiaries promoting sales and development. The most complex products are sold to Russia, Korea and Japan.

The decline in the construction sector in 2008 was also felt by AJM and the company was forced to write off high debts to construction companies. Since then, the stability of the company has been strengthened with the introduction of new activities and investments. "We are focused on complete energy-saving improvements to buildings, and today we offer comprehensive solutions, which in addition to energy-efficient windows, cover the entire building's insulation. Over the years, we have also invested in our first housing project - the Habakuk low-energy residential settlement at the foot of Mariborsko Pohorje. Due to the quality of building materials, this settlement is above standard, which has also been quickly recognized by customers.



AJM has 190 employees





The company has been located in Kozjak nad Pesnico since its establishment in 1990



Trivo Kreml has led the company for the past three years



All three daughters and their spouses hold leading positions in the company

# AJM in a nutshell: “Family, tradition, knowledge and development, affiliation, quality.”

“To ensure the long-term existence of a business, it is important that you are seen as an innovative, high-quality and reliable supplier of joinery,” says current Director Trivo Krempl, interpreting the company’s sales strategy.

## The transition to the second generation

“AJM is a family business that operates as such and this is the key to our success,” emphasises Trivo. This is not only because family members manage the company, but also due to the fact that family life and values are fully integrated into the business. Dividing private and business life is probably something that is most difficult to achieve in a family company. However, in AJM they see this as an advantage, with many business solutions coming to light while they are socializing as a family and not as employees.

A few years ago, the second generation of the family - the three daughters and their spouses - took over the running of the business. The company transition into the hands of the second generation took place gradually, since the daughters, who were aware that at some point in the future they would have to take up the company reins, began working in the family business during their student years. They gradually became familiar with all aspects of the business and were given increasing responsibility. Today, Monika is responsible for company finances, Jasmina takes care of sales in foreign markets, and her partner Danijel is in charge of development and the IT department. The youngest, Julija, took over as director of assembly, while her husband Robert is responsible for production. Monika’s spouse Trivo Krempl, previously in charge of sales, has been at the helm of the company for three years.

“I feel it is very important that family members, as managers of the company, constantly communicate with each other and their employees. Of course they know that both Janez and I are available at any time when they need help to resolve a dilemma, but otherwise we let them manage the company independently,” says Marija, commenting on the cooperation between the younger and older generations, while Janez adds that nowadays he much prefers being in the company of his seven grandchildren.

## Prudently along the planned route

The family emphasize that finding the right balance between the tendency for rapid development and the company’s borrowing policy is the key to successful development of a family business, and the latter should never threaten the company’s long-term stability. During the crisis in the construction sector, this policy proved to be particularly prudent. It is this philosophy that has allowed them in recent years to strengthen development and launch a number of new products.

Maintaining its status as one of the leading players in the production and sale of joinery in the region is the primary goal of the company for the future. They intend to achieve this by investing in the development of innovative products and launching at least one new product onto the market each year, also strengthening their presence in existing foreign markets and penetrating new markets. This is how Julija summarizes the company’s vision: “The future of AJM lies in its constant development, as this will enable us to maintain our position as a successful family business with its own innovative products.”

### Janez and Marija Ajlec, Julija Ajlec Težak, Jasmina Keuc Ajlec and Monika Krempl

Owners

Company name:	<b>AJM okna-vrata-senčila, d.o.o.</b>
Employees (2014):	<b>190</b>
Revenue (2014):	<b>€ 21m</b>

## Brane and Bernarda Lotrič

Founders and owners, B & B, d.o.o.

Who could have predicted a quarter-century ago that two legendary Zastava 101 cars would be instrumental in the successful story of the B & B Driving School, established by Bernarda and Brane Lotrič? Initially, they had no real idea how to develop their professional and commercial interests and their only assets were the vintage cars. Nevertheless, their business has grown into a private high school, where you can still take driving tests for all categories of motor vehicle, but also learn safe handling of a chainsaw, take a vocational baccalaureate, graduate from logistics engineering, or get a high school diploma in environmental protection!







**"The company is our  
fifth child."**

**Brane Lotrič,**

Founder and owner,  
B & B, d.o.o.



Part of driving school's current fleet

## From a driving school to a high school

Twenty-five years ago, Bernarda, who is Chief Accountant, and Brane, the Director, realized their long-standing desire for independence. Without any real entrepreneurial experience or a business plan, but with a strong belief in their ideas, 4,000 Deutschmarks and two old Zastava 101 cars, they founded the B & B Driving School company. Since then its evolution has been surprising, but based mainly on an expanding range of driving instruction.

They began by bringing about a small revolution, as one of only a handful of private enterprises offering B category licensing in the early 1990s. This was followed by licenses for motorcycles, trucks, buses and tractors. When the State introduced a statutory minimum level of vocational education for truckers, the company seized the opportunity and set up a vocational school to fulfill this requirement. "When the participants completed the vocational school, most of them wanted to continue their education at the level of secondary education and later also college level. The initiatives have always come from the outside, from someone who has the idea but lacks the guts to realise it," explains Brane. From a driving school that offered all categories of driving license, they expanded their activities in the fields of vocational education, secondary schools, colleges and professional training programs.

## Profit is not the main measure of success

The company generates €3 million revenues annually and in 2014 made a profit of €100,000. The owners assert that, "It is not the amount of profit, but customer satisfaction and the satisfaction of colleagues that counts in a family business. Profit is invested back into the company." They currently employ a successfully gender-balanced workforce of around 45 permanent and 120 occasional staff, and while Bernarda focuses primarily on finances, Brane is responsible for the organization of the business.

Since this is a private school, their greatest competitor is public sector education, which has the advantage of a comparatively unlimited budget. In contrast, the company's advantage is its specific approach, excellent relations with students and establishment of a system of fairness, honesty and quality. "A family business operates on a family budget. When you see a business opportunity, you can take a loan, but you have to know exactly where and when you can expect return on your investment, even if the market situation deteriorates," says Brane, sharing his thoughts on the need for careful use of finances.

Fifty percent of the company's activities revolve around education, a third involves the driving school and the rest is taken up by various training and other activities. Their educational programs range from safe driving to the safe use of a chainsaw. In addition, they offer post-secondary education programs for business secretaries, economists and logistics engineers and higher education programs in the field of environmental protection. "Education programs are adapted to suit current trends and market demand," explains Bernarda.



## The company is the family's fifth child

Family members have no special privileges when they want to join the company. "Our aim is to encourage a work ethic and mutual respect, both in employees and family members. Everyone's work counts. If a family member is able to stand in for a cleaner, that's fine; if, on the other hand they think they are superior, then there can be no genuine relationship," says Bernarda, who ensures that every new family member starts their job at the bottom to become familiar with all the processes involved in the enterprise. The husband and wife call the business "Our fifth child."

Of their four children, only the eldest, daughter Kaja, a designer by profession, is actively involved as the Marketing Manager and is responsible for presentation and promotion. Her partner Grega began work in the company in the field of education and finance and today he is Assistant Director. "Family business means security for all the employees," states Brane confidently. This is reflected in the values that the company follows and it is what makes us stand apart from others. "The company's significant advantage is that our employees listen to, and appreciate each other's ideas. If I need advice, I know that there is a group of people standing behind me, that I can rely on for support and encouragement," explains Grega.



Company headquarters



Family members learn about all working processes: son Miha as a janitor





Happy B & B graduates



Their educational programs are adapted to trends and demand



Proud daughter Urša when obtaining her driver's license

## B & B in a nutshell: "The best team with the best offer."



All employees are part of the B & B family

### In our company, everyone is able to do everything

"It is interesting that we are unable to determine the competencies of individuals, since everyone is willing and able to try their hand at anything. If you know that your colleague is an expert in what you are doing, you automatically involve them. Our working relationships are very relaxed and we are happy to share knowledge. Anyone that can, pitches in and helps," explains Brane on the cooperation between employees. There is an unprecedented level of trust in our employees, which is reflected in complete freedom in the performance of a variety of projects. "We adapt to each individual, meaning that working days are very flexible," explains Kaja on working conditions, while Grega highlights another important feature that makes the company so successful. "Development and growth of the entire company are driven by our constant search for innovation and opportunities. Only by striving for perfection can we leave our mark and create a story of success." Yes, we are talking about mere ideas, "but you have to be first to come up with the idea," reiterates Brane. They were the first to establish a private driving school and over the years they have expanded their circle of acquaintances, so it is not surprising that in

Gorenjska, the company is well-known and renowned, which can sometimes be a burden. "Because everyone knows you, you cannot let your hair down and this requires a degree of self-control," explains Brane.

### The younger generation rules

The company does not make long-term plans as they far too often prove not to work out as planned. Step by step, taking into account the proposals of employees, they follow their vision to become an even more recognizable, ground-breaking and high-quality educational organization. "Expansion can be ostentatious and is not in our interest. The family and the employees agree that if we maintain the status quo, keep our jobs and improve the quality and recognition of the company, we have achieved our goals. We are dependent on the market," explains Brane on the company's vision for the future. The company will, however, follow the trend of transferring responsibilities to the younger generation and in some areas this has already taken place to a large degree. This year the two company owners began to hand over to colleagues 20 years their junior. "The younger generation rules; they are different and driven by modern approaches," is the unanimous view of the Lotrič husband and wife team.

## Brane and Bernarda Lotrič

### Owners

Company name:	<b>B &amp; B, d.o.o.</b>
Employees (2014):	<b>43</b>
Revenue (2014):	<b>€2.9m</b>

## Marinka and David Dobnik

Director and Deputy Director,  
Čokoladni atelje Dobnik

Everyone loves chocolate; children and grown-ups alike. We love it because of its delicious and sweet taste and, when eaten in moderation, it is also good for us. Accompanied by the right story and wrapped in beautiful packaging it makes a lovely gift for anyone. Chocolate can be a prestigious product, especially if it is made by the “Čokoladni atelje Dobnik”, with their two decades of tradition in hand-crafted chocolates. All the company’s main strategic decisions are made by the family. This includes new product development, among which the “Fige Prešernove” (Prešeren’s Figs), a popular recommended gift, are their most famous, and are available from all four branches of the chocolatier in Slovenia.







“Our commitment is to quality with no compromises or short-cuts.”

**David Dobnik,**  
Deputy Director,  
Čokoladni atelje Dobnik



The Dobnik brand is synonymous with good chocolate



Fige Prešernove are a tribute to dr. Fig, the greatest Slovenian poet France Prešeren

## The first chocolatier in Slovenia

In 1994, Marinka Dobnik, a language teacher, decided to leave her regular job. Numerous trips and journeys, learning about new cultures and activities, in particular to Belgium and France, triggered in this lover of Romance languages an ambition which she felt she had to bring to life. Deliveries of pralines, which her friends would send from Belgium, were no longer sufficient to satisfy her passion and enthusiasm for chocolates. So she established the “Čokoladni atelje Dobnik” (The Dobnik Chocolate Studio) in Griže pri Žalcu, which today offers permanent and temporary employment to around 30 staff.

“Starting from completely unsuitable premises, with no knowledge or capital, we have, over a period of two decades, succeeded in building up a renowned company that offers quality products,” remembers Marinka, looking back to the times where everything seemed so simple. By way of research and before devoting her full attention to the new business and starting to produce chocolates of the highest quality, she made two visits to Belgian chocolatiers. “Čokoladni atelje Dobnik” is the first and the largest provider of chocolates among Slovenian chocolatiers. In 2014 they had €1.25 million of turnover, generating €30,000 of profit.

“Although not recognized as a volume brand, our trademark represents the standard of high quality chocolates in this particular segment. We support innovation and offer products that other chocolatiers don’t. Whenever we put a new, innovative product on the market, it quickly appears also on the shelves of our competitors,” explains son David, who

has over the years gradually become involved in the family business. Everyone loves chocolate, a universal sweet that gives you that warm feeling of contentment, in addition to being regarded as a prestigious product.

## A never ending story

As access to recipes and machinery has become available and easy, there is a large number of chocolatiers in Slovenia. This requires our experience and our products to be raised to a higher level to ensure added value. “Our products are of the highest quality as we do not make compromises and are not looking for shortcuts,” explains David. Despite the fact that the chocolate market in Slovenia is saturated, customers and media continue to demand chocolate for these very reasons.

“There is a story behind the development of our company. When a company is associated with a story that has a beginning, continuation and hopefully, no end, it becomes a source of much interest to the public, in contrast to someone who decides to start making chocolates merely to create a profitable business,” adds Marinka. In 2005 they adopted a new business strategy, began with the expansion of their trademark and opened four new branches in Slovenia (Ljubljana, Maribor, Celje alongside Žalec) and one in Austria. Special additions to these chocolatiers are coffee shops where in addition to delicious chocolates you can enjoy a cup of tea or coffee in a pleasant atmosphere.



To support distribution in Slovenia, in 2012 they also set up their own online shop. "The aim of our business strategy is to create an attractive product in eye-catching packaging and offer it in our shops, while making sure customers have a pleasant shopping experience," David says, explaining the revision of their trademark. "Everyone enjoys the atmosphere in our shops and coffee shops."

Marinka is confident that the main factor for their success is the personal approach. "This is something you cannot learn. You can only aim to transfer it to your employees and encourage them to follow it. We have something which makes our shops stand apart from all others." They have strived to instill in their employees the company's ethos and so far they have been spreading it through their own physical presence. "After a chocolatier or a coffee shop opens, we ensure that at least one family member is present there for weeks and months to provide the right support to the staff. I myself was present in the Ljubljana shop every day for two years, to show the staff the right customer approach."

## "Čoko-babi" is bringing up her successors

For the past four years, Marinka has successfully cooperated with her son, a barrister, who is focused on marketing and sales, while she devotes her time to making up new recipes. They are both actively involved in building up the trademark and visual stories behind the products. While their opinions sometimes differ, they both know how to reach a compromise. "Often David will ask for nine new chocolates to be made to fill a new chocolate box by the end of the week, while I need a couple of weekends to come up with new recipes and sweets," continues Marinka. Her daughter Nina has been involved in the family business from the very beginning, enjoying being in the house full of delicious chocolates and beautiful chocolate boxes and sometimes helping with packaging them. While her interest swayed for a time, now she is again interested in the world of chocolates. "While I'm very proud of the family business, I see it as my mum's business. I prefer to separate business life from private life;



They have four stores in Slovenia and one in Austria





In addition to flavors, the Dobnik family places great importance on the design of their products



Frančeve čvešpe are also recommended as a popular Slovenian gift



Marinka's eight-year-old grandson already knows how to pour chocolate

# The “Atelje Dobnik” in a nutshell: “Quality, exclusivity, innovation, customer satisfaction.”

however, this does not necessarily mean that sometime in the future I may not want to take an active part in the family business,” says Nika, a student of computer sciences.

In spite of Nika’s choice of study, Marinka believes the idea of her being involved in the family business is excellent: “In today’s business environment, it is family businesses that are thriving.” Her eight-year-old grandson has a special endearing name for his granny: ‘čoko-babi’ (choco-granny) and Marinka believes he is her successor. She has already taught him the basics of chocolate pouring and has helped him set up a stall in front of their shop in Žalec. “You could not imagine how quickly he managed to sell all the chocolates,” she laughs.

## “Doktor Fig” has taken the Dobnik family products around the world

Chocolate is a product that boasts a century of tradition and its revolutionary impact diminished a long time ago. Nevertheless, there is always an opportunity for innovative products which the Dobniks are eagerly creating. “The magic of entrepreneurship is to make a successful company based on small products,” quickly points out Marinka. One of their first innovative products was the “Fige Prešernove” (Prešeren’s Figs) inspired by the “Mozart kugeln” from Salzburg. Based on the idea proposed by Professor Dr. Janez Bogataj, an ethnologist, Marinka created an innovative product of figs coated in chocolate in memory of the most prominent Slovenian poet Dr. France Prešeren (Doktor Fig). They became a real success and today are their signature product.

“In his book ‘Taste Slovenia’, Dr. Bogataj promoted these chocolate covered figs as one of the most favorite gifts and souvenirs from Slovenia, and these chocolates travelled all over the world without us even being aware of it. We received phone calls from USA, Germany and Japan with enquiries about places to buy the product,” happily recalls Marinka, who is currently looking for options to expand sales into foreign markets. In addition to figs, the company intends to place in foreign markets another of their innovative specialties, the “Frančeve čvešpe” (chocolate covered plums) which

also feature among Slovenian popular gifts and souvenirs. In addition to chocolates, the Dobnik’s family business also offers ice cream made from natural ingredients, according to their own recipe. The quality of the ice cream is guaranteed by their commitment to natural production using only natural ingredients and by their membership of the Italian ice cream makers association.

## Faithfully following their vision

“There is a chocolatier in the USA that operates under similar principles to ours and they have over 200 branches. Slovenia is restricted by its small size. As a small company it is difficult to find sufficient capital needed for expansion. “We intend to consolidate our presence in Slovenia by further developing some of the areas we are present in, while strictly following our vision,” Marinka confidently predicts. “We are the ‘Atelje Dobnik’, renowned for our hand crafted and original products and we aim to remain so.”

## Marinka Dobnik

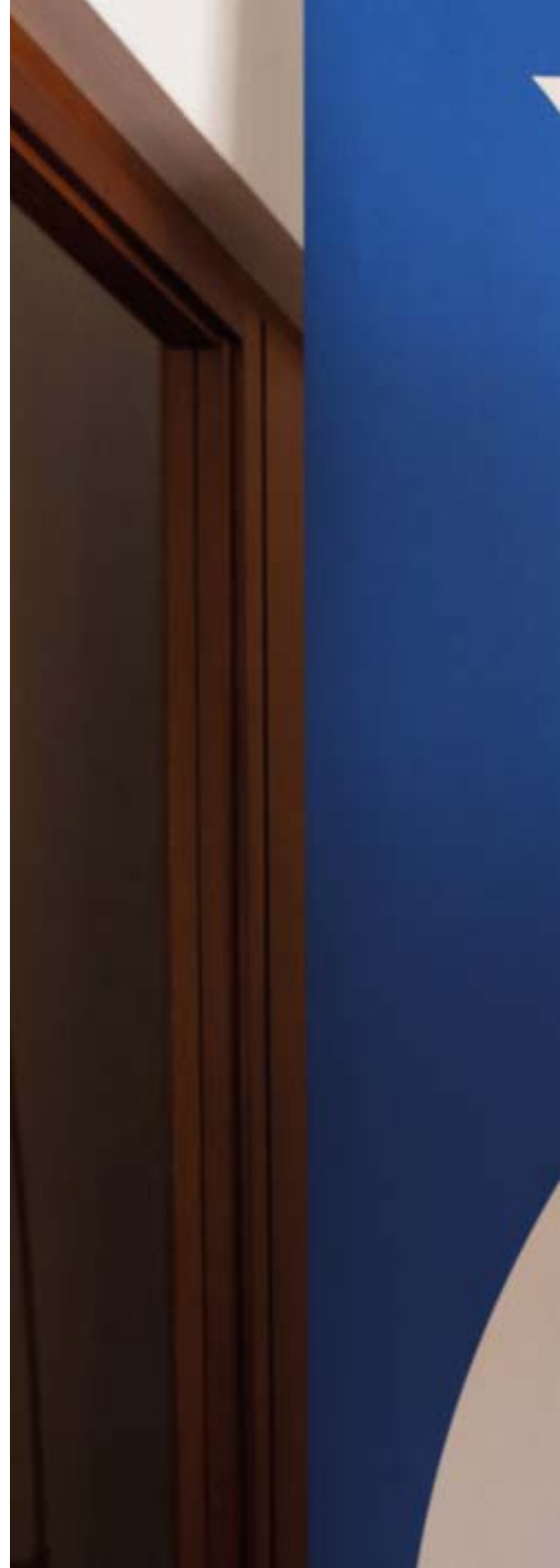
Director

Company name:	<b>Marinka Dobnik, s.p.</b>
Employees (2014):	<b>16</b>
Revenue (2014):	<b>€1.3m</b>

## Aleš Mozetič and Alenka Mozetič Zavrl

Founders and co-owners, Don Don Group

The company Don Don was established by brother and sister team Aleš and Alenka Mozetič. They have succeeded in developing it into a bakery business that is present today throughout Southeast Europe. From a small bakery in Metlika, the founders of the "Tvojih pet minut" brand are today the leading producers of bakery products in Slovenia. The company's presence in foreign markets is so significant that it demanded the permanent presence of one of the founders in Serbia, where today Don Don is one of the largest providers of bakery products. With the takeover of the Pekarna Grosuplje business in 2015, the number of employees increased to 1,500, which is not surprising for a company that has succeeded in extending a one-day celebration of the Shrove Tuesday carnival (when traditionally doughnuts are baked and eaten all over Slovenia) to 14 days.





# YOUR MINUTES®



"You can be successful if you know that you have the support of your family, as it is the family that gives you the strength to overcome new challenges."

**Alenka Mozetič Zavrl,**  
Founder and co-owner,  
Don Don Group



Martinc bread with dried apples and sunflower seeds



Their products are made of the finest ingredients of proven quality and origin

## Raw materials ordered from the faculty payphone

In the 1990s, Slovenia was bursting with a new entrepreneurial spirit. It also gripped the Mozetič family, who already had a specific idea. In 1993, full of youthful energy and passion, Alenka and Aleš embarked on the production of American doughnuts in Slovenia. With the support of their parents, they set themselves a clear vision of growth and development that went beyond the local artisan activity of managing a small bakery in Metlika. "It was a 'guerrilla' time, when we searched for raw materials using the payphone outside the Faculty of Economics," remembers Alenka of the beginning, when she and her brother learned the business principle of 'learning by doing'.

As the company continued to grow, it was important to raise its profile, and in 1999 the "Tvojih pet minut" brand was created. Only 11 years after its establishment, the company was given a Bronze Slovenian gazelle award in recognition of its rapid growth. Expansion into neighboring markets soon followed. As early as 2003, a plant was established in Croatia; five years later the company focused on the Serbian market; and in 2010 the markets of Bulgaria, Bosnia and Herzegovina and Montenegro followed. "In 2004 and 2005 we tried to penetrate the European Union market. Unfortunately, we found that this was impossible and so we again turned our attention to the south," explains Alenka regarding the regional

aspect of their market strategy. "Every company must define its own market. Our business is industrial bakery and we must achieve the same degree of industrialization as the global players," explains Aleš. Thus, in April of this year, the company acquired the Pekarna Grosuplje business from Mercator.

## 24 hours a day, 7 days a week

Forward planning and flexibility are the core values that define their entrepreneurial approach and reflect the demands of the baking industry. "When you work seven days a week and production is running almost 24 hours a day, you experience it all in a single day: you receive the order, make the product, and deliver it to the client. In our industry sector, everyone is continuously in motion," smiles Alenka. Last year the company broke the limit of €68 million in turnover and generated €8 million in profit. Their production facilities are located in Slovenia, Croatia and Serbia, while their frozen products are distributed to Bulgaria, Montenegro, Bosnia and Herzegovina and Albania. "Aleš has successfully integrated into the Serbian business environment. He understands their logic and expectations, while I have become more focused on internal processes and support," explains Alenka of the division of labor. In 2014, the Group employed 1,300 staff which has risen to 1,500 in 2015 after the acquisition of Pekarna Grosuplje.

## “If you don’t study hard, you will end up working with a deep fat fryer”

When you are a part of a family business, it is important to strike the right balance between work and family life. “You can be successful if you know that you have the support of your family, as it is the family that gives you the strength to overcome new challenges,” thinks Alenka. One of the key success factors is that Alenka and Aleš are a well-tuned team. Although they work individually, each covering their own area of expertise, there is a confidence in each other that they share. “This confidence originates from the fact that we are a family,” explains Alenka.

They do not burden their children with the requirements of the family business; instead their expectations are similar to those of every parent. Aleš sometimes likes to tease the children: “If you don’t study hard, you will end up working with a deep fat fryer.” Over the years they have both tried to transfer to them certain entrepreneurial values such as independence and resourcefulness. “No business event is perceived as a problem; instead we see it as a challenge, which we approach in a way that ensures a long-term solution,” explains Alenka. They both introduced certain family values into their business; perhaps the most prominent of all is open communication, with fewer reservations and restraints.



They are very innovative and are constantly developing new products





The production of bread follows traditional methods

The core founding activity of the company was the production of doughnuts



Good flour is essential for the quality of the bread

# Don Don in a nutshell: “First-class bakers and exceptional sales team.”

## Two million doughnuts are sold during the Shrove Tuesday carnival festivities

Bakery is a strongly generic sector and anyone can make a bread roll. Thus, every successful baker needs to be innovative to become a source of interest for traders. Even more important than development and new technology, are the sales. “All the bakeries that we have acquired had excellent bakers and products. However, we aim not only to be first-class bakers, but also an excellent, high-performing sales team. And this is where our advantage lies,” points out Alenka. Based on good partnership relations with tradespeople, the company has raised marketing to a higher level by including traders in their success story. “We succeeded in extending the Shrove Tuesday carnival celebrations from a single day to 14 days. Thanks to our company, two million doughnuts are sold during carnival time.”

Although this is an industrial bakery, it complies with the highest quality and health standards. “Quality depends on the raw materials and preparatory process rather than the production. Thus, we are continually improving the bread and morning goods preparation and we do not use any artificial substances or additives,” explains Aleš. According to him, in terms of technology, Pekarna Grosuplje is at the very forefront of the European market. “We take the long-term perspective. We focus not only on turnover, but also on quality and people. We recognize growth as a kind of challenge,” says Alenka when describing their business. One such challenge was the Serbian market where the company had no resources other than production. Everything they developed at home, they transferred (standards included) to foreign markets. Only subsequently, through takeover of other bakeries, have they obtained sufficient human resources to set up a well-arranged organization with clear job tasks.

## Transfer of knowledge within the region

When expanding their business, the Mozetič family team broke the expected financial framework of a family business and raised loans to fund their growth. The company successfully deleveraged through capital injection

and an ownership share of a Finnish pension fund. Subsequent to the capital increase and restructuring, the Finnish pension fund will become the owner of a 40% interest in the company, while the remaining 60% will continue to be in the ownership of the Mozetič family. In future they plan new acquisitions and takeovers. “Integration of the bakery sector is inevitable in order to ensure stability, high quality and competitive advantage,” states Aleš confidently. One good example is Pekarna Grosuplje where the new owners continued with the production and further development of the original products. “The fact is that there is little else we can transfer between the countries but knowledge,” concludes Alenka.

## Aleš Mozetič, Alenka Mozetič Zavrl

Co-owners

Company name: **Don Don Group**

Employees (2014): **1240**

Revenue (2014): **€67.9m**

## Marjan and Simona Petrič

Founder and first owner with daughter and successor, Elvez, d.o.o.

This year Elvez hired 15 new employees in a single month, an event which can be attributed to the company's strong growth and excellent performance, as the family develops new products using their in-house technology. Thirty years ago, the technology was a single machine in the basement of the family home; today the basement has been replaced with modern production facilities, offering employment to 165 people.





d.o.o

Antona Tomsica 35

Gora



**"Family business is the core thread of our work and life."**

**Simona Petrič,**  
Director and present owner,  
Elvez, d.o.o.



The company is located in its hometown of Višnja Gora



Metallization of products

## Badges from the basement

The beginnings of Elvez date back to the 1980s, when Marjan Petrič, the founder and current Deputy Director, started pursuing afternoon crafts in addition to his regular job. He converted his family garage to a workshop, bought a machine and began producing badges. Later on, he imported a wire cutting machine from Germany and extended his production to making simple cable harnesses. "We began as a family business in the garage and basement. Then we slowly started to employ others, while expanding the workshop," explains Marjan's daughter Simona, Director of the company. Due to the success of the crafts, Marjan left his regular job to become self-employed, and at the end of 1991 he established Elvez.

An important milestone followed two years later, when they acquired part of the business premises and production range of Iskra Videomatika, a company that had gone bankrupt. They left their original working environment in Višnja Gora, and in 1998 moved their entire production to Ljubljana. Here they extended production from simple cable harnesses to the manufacture of technically demanding plastic products. In 2007, they built a plant in their hometown and returned to new office and production facilities in Višnja Gora. Over the years they have recorded growth and received two Gazelle awards for the rapidly growing companies. In 2013, they set up their own research and development department. Their successful performance in recent years was recognized in 2014 with Simona Petrič's nomination for the Slovenian Entrepreneur of the Year award.

## Fifteen new jobs in a single month

The core of their family business remains manufacturing, involving technologically demanding processes and products. Currently, the majority of revenue comes from the plastics program, although the combination of the two production programs has its benefits in terms of market and customers. Their customers are mainly from the automotive, electrical and mechanical industries, but also from the home appliances sector. So far they have not manufactured their own complete, finished products; instead, they make components for finished products, the majority of which are exported to foreign markets. This year they recorded almost 25% growth in revenues and expect to generate €16.5 million of revenue by the year end, compared to €13 million recorded in 2014. "We learn, grow and upgrade our technology on a regular basis," says Simona, explaining their rapid growth. "This year, in just one month, we hired 15 new employees and now employ a total of 165."

## From blue collar to a managerial post

"Family businesses are considered the most reliable. We are a family business, and this is our life and work," says Simona. The management of the company is currently composed of her as Director and her father, the Acting Managing Director. Although he is already retired, he remains very active. "As our company has already outgrown the framework of a family business in Slovenia, we are aware that we are in need of additional



key managerial staff. It is very difficult in today's environment to attract people to a family business who will invest as much of their effort and commitment in the company, as do the family members. Expectations of the owners are high, as people have an excellent opportunity that may not be available to them elsewhere," says Simona confidently.

"A family business is a project for life. Through the generations, family members jointly create history; both that of the family and the company. Because family and business roles are so closely intertwined, it is sometimes difficult to avoid slight differences of opinion here and there," frankly admits Marjan, who has from the very beginning ensured his children's involvement in the business. His son Borut always had a remarkable talent for technical science and over the years also developed excellent sales skills. He had enormous potential and was very committed to the company. After his father's retirement, he took over the leadership and had many plans for the family business. Then, unexpectedly and suddenly, the family lost him at a time when they were making plans to build a new plant and the foundations had already been set. Despite the loss of a key family member and colleague, the father and daughter team managed to join efforts to build the plant, and despite the economic crisis, which began in 2009, successfully steered the business forward.

Simona has been active in the family business since she was 13 and has worked and gained experience from all the different business areas of the company, from production to management. "Those were the key years during which I gained experience and accumulated knowledge so that today, both management and ownership of the family business are that much easier to bear," she explains. "Ownership is first and foremost an exceptionally large responsibility and can also be a burden. The key factor for further development is how successfully the next generation will be integrated. Safety is first and must be guaranteed," she says, explaining the generational difference between those who have grown with the company and those who join subsequently. "In a family business, the young generation should learn from the experience of their seniors, while exercising a modern business approach," adds Simona.



Products from the cable confection program



Complex plastic products for the automotive industry and other technical industries



Metallized product for Daimler-Mercedes







Three generations of the Petrič family



Rebeka is actively learning about organization and different functions within the company



Marcel is working and learning in the technical quality department

## Elvez in a nutshell: “Close interaction, integrity, dedication, ambition and growth.”

A few years ago Borut's children Rebeka and Marcel began to get involved. Starting work in administration and marketing, Rebeka familiarized herself with various functions, to ensure a comprehensive understanding of the company and the business. “You eventually realize that you have this great opportunity to enter the adult environment in a family business, which would be hard to find anywhere else. In addition, family business gives me the possibility to learn about different aspects of the business,” she explains. Marcel is mostly interested in the technical fields of production and quality. While he is a musician at heart, and a talented one at that, he strives to balance his love of music with his business aspirations. He is aware that there is much in life he needs to learn and the family business provides a great opportunity. Over the years Marjan's wife Ana has provided her unwavering support, although she has pursued her own professional career elsewhere.

### Small steps towards development of their own technology

In 2003 and 2006 Elvez was nominated for Gazelle awards and the second nomination won them the title for Central Slovenia and the award of a Silver Gazelle. The company is actively growing and in doing so, faces sizable challenges. These are met by a strong team, with the greatest burden falling on the management, as the director explains: “Training the right team of colleagues is essential. We began with small steps in our development, but have made great strides and are currently at the stage where we are planning our own technology. Today, this is the main chance for success. When you fail to invest sufficient assets into furthering knowledge, in-house development and continuous advancement of the business, products and processes, the resulting added value is much too low.”

### Old school for the new generation

“I feel a large degree of responsibility to my successors, because I know that in addition to the succession, they will have to assume a significant amount of worries and responsibilities,” says Marjan, sharing his thoughts about transfer of the family business to the new generation. They hope that the young generation is interested and strong enough to take on this challenge and successfully adapt to it. In the future they plan to invest heavily in knowledge and cutting-edge technology. Most of the products the company manufactures are aimed at the automotive industry, and the family members are actively improving their own skills while looking for closer integration with external academic institutions.

Simona summarizes her thoughts: “While working, it is possible to exploit the best knowledge and experience. We learn while working and we also learn through mistakes. So we need to safeguard against major mistakes that could significantly jeopardize the business. I have been told that the way to ensure progress is to make small steps. We never took risks or did stupid things that could jeopardize the existence of the company. This is how I was brought up and I believe that it is the right philosophy, so we follow it closely.”

## Simona Petrič

Owner

Company name:	<b>Elvez, d.o.o.</b>
Employees (2014):	<b>136</b>
Revenue (2014):	<b>€13.1m</b>

## Boris Vodopivec and Brane Jerman

Owner and deputy director, Hidex, d.o.o.

Company operations began in their garage, offering simple repairs of hydraulic pipes. Three decades later, one of their tasks is to regularly service the reactor at the Krško nuclear power station. Hidex also successfully markets its services abroad, so becoming a finalist for the award of the 2015 Gazelle for the Dolenjska-Posavje region came as no surprise. This is a family business success story, in which good people made the best of opportunities.







"I do not see myself either as a Director or a business owner, but merely as its temporary custodian."

**Boris Vodopivec,**  
Owner, Hidex, d. o. o.

*(on the left)*



Hidex is located in Novo mesto, Grosuplje and Krško

## Continuous accumulation of knowledge

In the early 1980s, Franc Vodopivec, an employee of a local road maintenance company, came up with the idea of an extra afternoon activity to supplement his family's monthly income. He knew that locally, nobody was offering services in the field of hydraulics, since the company he worked for sometimes had to look for spare parts in other countries. The difficult process of balancing his job and these additional afternoon activities often resulted in the latter continuing well into the night. In the following few years he arrived at a point when he had to opt for one or the other of his professional activities, as he was no longer able to perform both by himself. Therefore, in 1990 he founded the company Hidex.

He moved from the basement garage in Šentjernej to new premises in Novo Mesto and hired his first employees. Since then the company has grown and currently employs 17 staff, working in three service and retail outlets. "At the beginning he would come from work, where he was in charge of a workshop with 50 staff and, whenever it was necessary, continued at home, repairing pipes until midnight. There were no proper tools or materials available, so while almost everything was improvised, knowledge was accumulated constantly," remembers son and current company Director, Boris Vodopivec, of his father's first entrepreneurial steps. When he was at elementary school he helped his father with lighter chores, but became more seriously involved in the business in high school, when he made sure that they started buying fixtures directly from factories abroad: "I was good at languages and at that time this was my

added value, since I lacked both technical knowledge and experience."

While being indirectly involved in the company, he completed his doctorate in physics and briefly took up employment at the Jožef Stefan Institute and the Faculty of Mathematics and Physics and later in the high-tech enterprise, Cosylab. It was here that his transformation from physicist to project manager, working on particle accelerators, took place. Only a few years later he faced the same dilemma as his father had many years before. "I had been consumed by the spirit of entrepreneurship," he offers as an explanation of his decision to become completely involved in the family business.

## The first opportunities abroad

Today the company has premises in Novo Mesto, Krško and Grosuplje. Their principal activities are the installation and servicing of hydraulic systems and distribution of their fixtures; from agricultural and construction machinery, to paper-making plants and hydroelectric power plants. Last year, the company generated €2 million of revenue and €93,000 of profit. "In order to maintain relatively stable growth, we are forced to turn our attention to the rest of the world," says Boris, who wants to steer the company towards specialization in the field of complex mechanical engineering, combining hydraulics, pneumatics, mechanics and automation. Two years ago they completed their first major engineering project in Croatia and a similar project in Austria awaits their



attention at the end of the year. Currently, the company operates mostly locally, providing services for domestic industrial customers, as a service support and maintenance contractor in larger factories.

## The second generation of the company custodians

Boris began his active role in the company as the Managing Director. However, after the unexpected death of his father two years ago, he took over the duties of Director. "I feel a great sense of responsibility towards the company, but I do not feel a sense of ownership; I'm only a temporary custodian. Over the years the family and employees have invested an abundance of hard work and efforts into the company, and I feel it is my

duty to take care of it, making sure it improves even further before I hand it over to the next custodian," reflects Boris.

The company is still run as a family business and Boris's brother-in-law Brane Jerman is also involved as a Deputy Director. When looking for new employees, they always recruit personnel who bring to the business new technical ideas and improvements. "I'm not the driving force behind development, my colleagues are. As a rule, we employ people who are better than me, and therefore we are constantly looking for new talent," admits Brane. They recruit mainly from the local rural environment, because these are the people with a high degree of labor-oriented values. "We are determined to make sure that work is primarily a source of joy and a challenge, and only secondarily a job. All this is ultimately reflected in our results, which are the work of exceptionally talented and skilled colleagues," proudly points out Brane.



The core activity is installation and maintenance of hydraulic systems and distribution of fixtures





Friendly relations among employees



Founder of the company Franc Vodopivec



The company currently has 17 employees

# Hidex in a nutshell: "Together we can create more."

"When we work with subcontractors, we always choose those located closest to us. It is a big advantage for all if as much work as possible remains in the local environment. The subcontractors also grow and develop along with us, as we educate them through cooperation, ensuring they become more accessible and responsive than their counterparts from abroad," adds Boris. "The fact is that we provide support to the industry. If the industry does not exist or migrates from Slovenia, we cannot count on growth. We must follow the industry." These decisions have sometimes resulted in issues when implementing work outside the home environment. "The perception of where the work should be carried out has since changed and the Dolenjska borders no longer present the boundaries of our world. Only a few years ago we worked mainly in Dolenjska, and today our outlook stretches from Koper to Prekmurje and from Split to Vienna," explains Brane.

## Development in the direction of machine manufacture

"Slowly the company is changing from one that sells the fruits of hardworking hands to a business that sells knowledge," says Boris. "Our tradition can only be attributed to the fact that we are still following the principles set by the company founder. His ideas, advice and desire to explore new technological solutions continue to give impetus to the company, driving it forward," explains Boris. Access to new technologies and tools, and therefore new challenges, enables the professional development of staff, who are left free to do their jobs to the best of their abilities. "Finding the right answers is therefore the responsibility of each individual," adds Brane. The knowledge they have accumulated and years of experience allow them to be able to plan and assemble functioning machinery tailored to the individual requirements of industrial users. "Initially, some of our steps were rather uncertain, based on the principle: 'the first machine is for us, the second for the neighbor and the third should be good enough for the market'. Now things are changing for the better, since most of the required skills and knowledge are available internally. To ensure quality, traceability and duplication, manual labor has been increasingly replaced by machines."

## Quality from the southern market

In the future, the company will have to change significantly if it is to remain successful and continue its growth. "Our aim is to become a 'one stop shop'. Our customers' time is valuable, opportunity costs are often very high, and if the challenges faced by customers can be solved in one place, so much the better for all involved. We intend to offer comprehensive services in the field of mechatronics and steer mechanical engineering in the direction of making individual solutions tailored to individual customers, rather than in the direction of serial products. Another goal is to move from services that generate low added value and focus on services that generate higher added value."

Their target market was initially the Balkans, but due to pricing pressures and the desire to raise their services to a higher level of quality, they are focussing their attention towards the West. Foreign companies are highly specialized and provide services at a higher price, and it is here that they see the opportunity to further develop the business. In Germany they may be a provider of cheaper services; however, they must prove their worth as their clients see them as one of the companies from 'the south', where one can expect a low price, but not top quality. "We intend to become known for our top-quality and innovative solutions," clearly stresses Boris.

## Boris Vodopivec

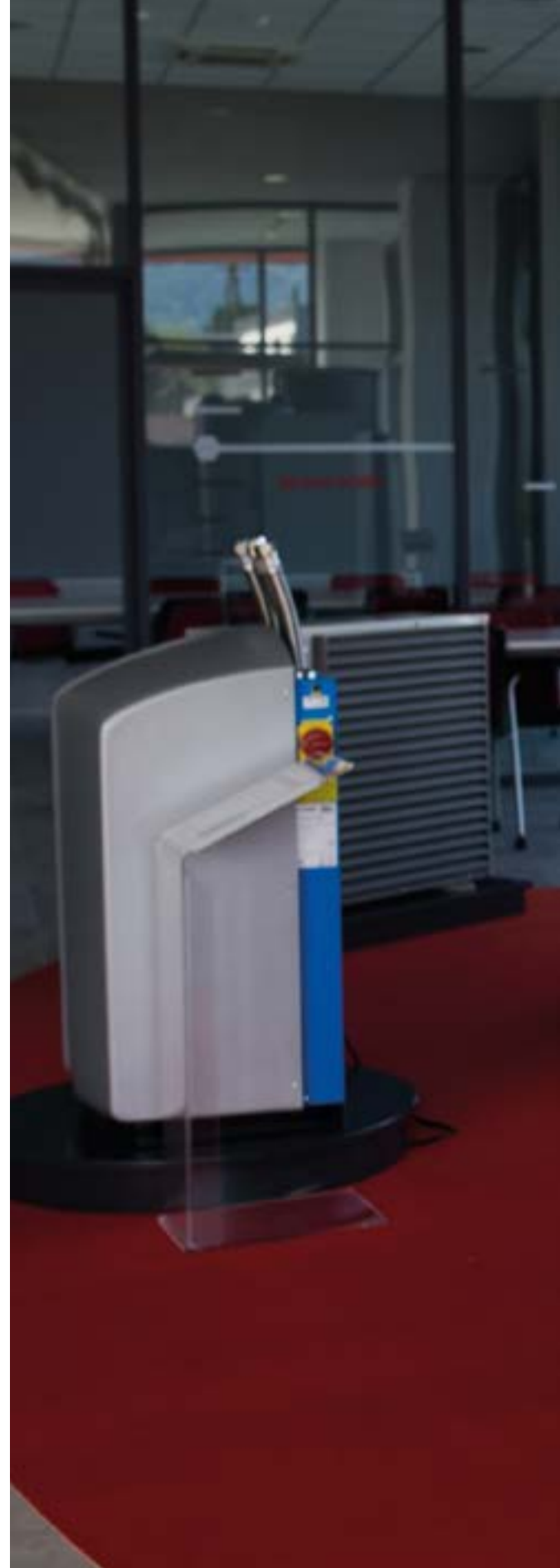
Owner

Company name:	<b>Hidex, d.o.o</b>
Employees (2014):	<b>16</b>
Revenue (2014):	<b>€2.1m</b>

## Rudi, Cvetka and Bogdan Kronovšek

Owners and Director, Termo-tehnika, d.o.o.

Termo-tehnika is a leading manufacturer of heat pumps in Slovenia with more than 7,000 annual sales. The products are developed and manufactured in Slovenia and exported to demanding European markets. They are supplied to several renowned European companies in the field of heating technology. Over the past two years they have conquered markets with a new brand, Kronoterm, which is a combination of the family name of the founder Rudi and that of the current Director Bogdan and the already established Termo-tehnika brand.







"The new laboratory and cutting-edge technology will allow for further production of 'top-notch' products."

**Bogdan Kronovšek,**  
Director,  
Termo-tehnika d. o. o.



Company headquarters in Braslovče

## From his father-in-law's workshop to a facility covering an area of 5,200m<sup>2</sup>

The founder and Executive Manager Rudi Kronovšek has been working in the field of heat pumps for more than 40 years.

After he finished his studies, he gained employment as a mechanical engineer at Gorenje, which in the 1970s was the centre of heat pump production. In 1990 he registered his own company Termo-tehnika, which has been active since 1993. In his father-in-law's workshop of just 50m<sup>2</sup> he firstly manufactured refrigerating devices for wineries and wine storage. "This proved to be a niche product and the company grew rapidly. Only two years later we ventured into my familiar field of heat pumps," describes Rudi. Since then the company has trodden a difficult but very

successful path. If at first annual sales reached only 100 pumps, today they sell an impressive 7,000 per year.

The company gradually expanded its product range. In addition to pumps, they began manufacturing cooling chambers, drying equipment, industrial cooling devices and systems. Over time, special attention was dedicated to the development of cooling system technology used in wine manufacture. These systems are now used in several hundred small wineries and also an impressive number of larger ones.

In the second half of the 90s they extended their range with modern, beautifully designed and functional products, increased the number of employees and focused on promotion and marketing. Their hard work has brought good results as the quantities sold have increased annually by between 30% and 40%. The increase in the volume of orders and



production was also followed also by a sharp increase in the number of employees, and today the company employs a total of 61 staff. Another milestone was reached in May 2015 when, after a decade of hard work, they finally moved into a new 5,200m<sup>2</sup> production and office building. This has secured the conditions required for further growth and development of the family business.

After several years of testing and certification of devices at the SIQ institute for the safety and compliance of devices, in 2004 they signed a contract for the supply of heat pumps to one of Europe's largest manufacturers of water tanks, Austria Email. Six years later Rudi handed over the helm to his son Bogdan, computer and information sciences engineer, although he remains active in the company.

In 2013, the company achieved another milestone when they produced the 40,000th heat pump. The achievement was celebrated with the introduction of their new brand Kronoterm, the name of which reflects the family's commitment to the company. That particular year was exceptional in all respects, as they reached €12 million of turnover and, according to Rudi, the continuing trend is positive. In addition, they were also awarded a Slovenian Bronze Gazelle. Unfortunately, the economic crisis impacted Kronoterm as well. Sales were reduced by 20%; however, now the situation is gradually improving.

## Quality with no compromises

The company's mission is the further development, manufacture and marketing of high-tech devices for energy saving and environmentally-friendly heating and cooling systems. Dedication is their core value, while their reputation is based on a professional approach and expertise.

With sales of more than 6,000 sanitary, and over 1,000 heat pumps, for many years they have been the leading sanitary pumps and over Slovenian company in this field. In addition, they are increasing their presence in international markets, so that foreign sales account for 40% of the manufactured products. Their most important markets are Austria, where the company has been present for more than 10 years, Italy, Switzerland and France. Despite increased price pressure from cheap Chinese products, they remain optimistic, due to their strong commitment to quality. "Our products are top-notch. We use only the best components and do not skimp on quality," assures Bogdan.

A team of highly skilled engineers ensures continuous improvement of serial devices and the development of new generations of heat pumps and specific industrial systems. They use advanced technology, which includes sophisticated tools used in the design, construction and testing of devices.

Like some of the world's most renowned companies, the business is closely involved in the development and enhancement of certain components used in refrigeration systems.

## Strong commitment to the family business

"I became involved in the family business by pure chance. Then, to my surprise, I became enthusiastic about it. I realised I had talent as well as knowledge, which I had gained by reading literature," says Rudi, who sees success as an advantage of a family business. "If you are successful, it gives you great incentive and even greater impetus." Rudi and his wife Cvetka each own 50% of the company. Although his wife's involvement is comparatively small, Rudi makes sure she is kept informed of all matters relating to the family business.

In addition to Rudi's son Bogdan, Rudi's son-in-law dr. Dean Besednjak is also actively involved in the company as Assistant Director, while Rudi's other son and daughter are not employed by Termo-tehnika. His daughter is a professor of mathematics and she chose not to follow in her father's entrepreneurial footsteps, while his other son has his own company engaged in the automotive business. In contrast, Bogdan is enthusiastic about continuing the family business and last year he ranked among the three finalists for the Young Manager 2014 competition organized by the Managers' Association of Slovenia. So where does he see the advantages of a family business? "You put your very heart into the work. On Saturday and Sunday mornings, all three of us are usually here in the workshop. While this is not much good for family life, it is certainly good for the company," concludes Bogdan.



Investing in employees and development are very important





Termo-tehnika received the Bronze Gazelle 2013 award for fast growing companies



Rudi Kronovšek with Prime Minister dr. Miro Cerar



Each component of their products is of maximum quality

# Termo-tehnika in a nutshell: “We put our very heart into every product to ensure top quality.”

## Among the best of the Gazelles

Investment in knowledge and development, advanced technology, strategic partnerships, quality and flexibility, technical and highly skilled service support, are values that determine Termo-tehnika and are also their advantages.

In over 25 years the company has received numerous professional and business awards. Among the latter, they are most proud of the award for the company's successful and stable growth, the 2007 Golden Gazelle of the Savinjsko-Zasavska region. For the second year in a row the company has been granted an A credit rating due to its financial stability. Among the prizes for innovation and development they are most proud of the silver and bronze guild and the ranking of the highly efficient ECO heat pump series in the top three environmentally friendly products in 2010.

## They do not speculate with numbers

Although some time ago certain parties came up with an initiative to move the company elsewhere, they remain firmly anchored in their local Braslovče. “I am a great supporter of the home location, so I insisted that the company business stays here. I got used to having the company close; this is probably typical of all family companies where one spends practically 24 hours a day at work,” says Rudi. Bogdan agrees with his father: “We are very much locally-oriented. I often tell employees: ‘If the company is sound and healthy, you will also have the opportunity to employ your neighbor, partner, or child.’ This is not a promise, but an option.” The average monthly gross wage per employee is €2,000, which is 25% above the Slovenian average. Last year the company generated above-average added value per employee of €65,000. How do they do it? “One of the factors is that we do not speculate with the numbers,” says Bogdan.

As Bogdan is enthusiastically dedicated to managing the entire company, Rudi assists in recruitment. Bogdan's wife Nives is Head of Dispatch and ensures that everything is done on time. Rudi's wife Cvetka is responsible for beautiful surroundings, good food and a generally pleasant atmosphere.

“Annually between 200 and 300 fitters are trained in our training facilities learning about refrigeration technology and our systems. We are passing on our knowledge to new talents across the entire country.”

## Laboratory for ‘top-notch’ products

The company has completed construction of a modern laboratory. “The laboratory, built to the most advanced specifications and with first-class equipment, will help us obtain a certificate, which will allow testing of our own products to achieve internationally valid results,” says Bogdan. “The standards are changing every year, and the only things that remain constant are the complicated processes and sky-high price of device testing. Having this ultra-modern laboratory and certificate will allow us to test our own, as well as other devices. The new laboratory and cutting-edge technology will allow for further production of ‘top-notch’ products,” explains Bogdan.

## Rudi and Cvetka Kronovšek

### Owners

Company name:	<b>Termo-tehnika, d.o.o.</b>
Employees (2014):	<b>51</b>
Revenue (2014):	<b>€9.9m</b>

## Marko and Mojca Lotrič

Founders, LOTRIČ Meroslovje, d.o.o.

Metrology, the science of measurement, is such an integral part of our lives that as soon as a child is born, it is weighed and measured. LOTRIČ Meroslovje, a family business from Selška dolina, has been involved in measuring for the past 24 years, a business devoted to developing and implementing a large variety of metrology solutions. As a visitor you can immediately sense their commitment, their devotion to precision and accuracy and their love for both metrology and family. The narrow family circle includes five family members. In addition to the owner and Director Marko Lotrič, his wife and Deputy Mojca and their daughter Katja, who is Head of Accounting, son Mitja is the Director of a subsidiary, LOTRIČ Certificiranje, while their daughter Maja, a post-graduate student of IMB at the Faculty of Economics, Ljubljana, is also employed in the family business. Their wider "family circle" encompasses a total of 83 staff.







"Those who accept  
our values, become  
members of our  
family."

**Marko Lotrič,**  
Founder and owner,  
LOTRIČ, d.o.o.



In 2011 and 2012 they received Zlata nit - an award for the best employer

## Over 24 years the family business has developed into a laboratory for metrology solutions

Marko Lotrič, the owner and Director, established the family business in 1991. In those early days the company offered inspection and testing services for measuring and laboratory equipment and subsequently, calibration of scales and weights for certification purposes. This was the first professional service developed in their laboratory. In those days metrology was fully regulated by the State, and penetration of the market was a major challenge. Yet over the years, the company has developed into an integral part of the Slovenian metrology system, has actively promoted regulatory changes, and has made a very strong contribution to the development of metrology within Slovenia.

In 2002 the family business became the first privately owned Slovenian company to be certified by the Metrology Institute of the Republic of Slovenia to independently perform legal certification of calibration equipment in designated areas. Only a year later a modern plant was constructed in Selška Dolina to house state-of-the-art laboratories and first-class equipment. Over a period of 24 years the company has developed into a laboratory specialized in metrology solutions. According to Marko, through innovation and continued development, they continue a tradition which has been rooted in the valley since 1923.

Internationally recognized, they are present and certified in 26 countries.

They also participate in the QNet network of international partners in the Central and Eastern European region, as well as beyond. The company's references include over 10,600 companies, cooperation with research institutes and universities, and to date the company has registered four patents. In addition to the parent company LOTRIČ Meroslovje, the Group is composed of two Slovenian subsidiaries, LOTRIČ Certificiranje and ISKRA LOTRIČ as well as subsidiaries in Croatia, Bosnia and Herzegovina, Serbia and Macedonia. In total, LOTRIČ Meroslovje employs 83 professionals. The Group performed 46,809 metrology inspections across the fields of technology, legislation and security in 2014, while generating €4.54 million of revenue, of which one third was achieved in foreign markets.

## Knowledge, quality products and development

"He has always been driven by the need to improve things." says Mojca, describing her husband's entrepreneurial spirit. According to the Lotrič family, the keys to a successful business are knowledge, quality products and development. The family invests around 7% of their revenue in development, while in 2015, due to the marketing of their new product Exactum, this investment will be significantly higher.

The company boasts a strong organizational structure, built on the values of a family business and the love for metrology. Their work is founded on an understanding of what their customers are looking for. They proudly state that their customers often remark: "When we are faced with a



problem, we call LOTRIČ Meroslovje, and no matter who answers our call, they immediately stop what they are doing and focus on resolving our issues - as if their sole reason for coming to work that day was to get us out of trouble."

In addition to their family business culture, their commitment to metrology and good customer relations, the company is renowned for their strong ambition and commitment to growth - not only their own, but also that of their customers whose growth is accelerated by the services and products provided by LOTRIČ Meroslovje. "Will you ever slow down?" was a question posed to Marko, the Director. "Never!" was his answer.

## The two Lotrič families

"Mojca and I have never forced any of our children to work in the family business," points out Marko. However, while growing up they also learnt about entrepreneurship and inevitably joined in. Even the youngest, Maja, who is currently a student, is slowly and actively putting her mark on the company.

"This is our company. Not for a moment did I ever think of going elsewhere," asserts Katja, describing her wish to be a part of the business. All three children did their placements in the family business learning about all the business processes.



In 2014 they carried out 46,809 metrology inspections

The family business culture is ingrained throughout LOTRIČ Meroslovje - a culture developed in the same way as they raised their three children: by using praise and reprimand. "In my experience, you need to tell people when they have done something well but also point out things that could be done differently and better," insists Mojca.

"I have two families: one of my own and LOTRIČ Meroslovje," says Maja with a smile, adding: "They are both symbols of confidence and security, and I know it is my duty to take care of them as my own."

Marko confidently adds: "Those who accept our values, become members of our family." A family business demands a certain kind of thinking; it requires hard work and a strong sense of responsibility for its development not only for today and tomorrow, but in the long-term.

"Knowing that my family supports me makes my work away from the family environment much easier," admits Mitja, head of LOTRIČ Certificiranje, which is located in Kranj.

A family business offers its advantages and benefits and it means a deep sense of loyalty and a large degree of commitment and interaction on the part of all family members. There is no separation between business and personal life; instead, they both melt into each other. And this includes numerous Sunday lunches when their family business is also one of the topics of conversation.



Exactum - new product of the LOTRIČ company





Through the LOTRIČ Academy they share good practice in metrology



The first and second generations of the Lotrič family actively participate in the company

# LOTRIČ Metrology in a nutshell: “We measure while you grow.”

## Daily coffee meetings

The company's commitment to precision, quality and development, filled with their love for metrology, has not gone unnoticed. They have received over 30 awards, including the Republic of Slovenia Award for Business Excellence 2012 and Chamber of Commerce Award 2012 for Entrepreneurial Achievements. That same year the company was also awarded Slovenia's Bronze Gazelle award for rapidly growing companies.

What is the key to their success? One of the most significant factors is compliance with EFQM methodology, which they began to implement in 2006, and only six years later they were awarded the European 5-STAR Recognition Award.

The company provides systematic support for knowledge sharing between employees, and invests heavily in employee relations and communication. “While we are all working hard, it is important we ensure good relationships between employees,” explains Katja.

This is one of the reasons why some years ago Mojca introduced a special routine for all employees at Selce – morning meetings while enjoying a cup of coffee: “so that everyone is kept up to date with all new developments in the company.”

## Ambition to penetrate foreign markets

LOTRIČ Meroslovje has set rather ambitious goals: to expand into Western European markets. “Our strategic decision is to set up laboratories that follow the working methods we have pioneered and use here, in Selce, beyond the borders of Slovenia. We are a serious challenger in foreign markets,” explains Mitja.

According to Marko, they follow a very simple principle while pursuing their goal of penetrating foreign markets: “We are ready to enter the market when we have achieved a total €10,000 of turnover in that particular market. We welcome new people with new ideas and new approaches as it is important that we welcome new ideas no matter where they originate.”

They are not afraid that they may run out of challenges, since quality metrology services have become increasingly sought after all over the world. This constant development in metrology drives increasingly higher customer demand. “You need to adapt to new developments, be in step with the times and invest heavily in development,” agree the Lotričs unanimously.

Maja's vision for the company extends to at least 2050 when, as she confidently points out: “We will be present all over the world as the leading family business with 1,000 family members - or more.”

## Marko Lotrič

Owner

Company name:	<b>Group LOTRIČ Metrology</b>
Employees (2014):	<b>83</b>
Revenue (2014):	<b>€4.5m</b>

## Milan and Marko Lukić

Founder and Director, Lumar IG, d.o.o.

At this year's Expo in Milan, Slovenia proudly presented a unique form of construction from Lumar IG, Maribor. It is this particular project that inspired Milan and Marko Lukić to attempt projects they never thought possible. The family business employs 61 staff, cooperates with an additional 150 staff through their subcontractors, and sees their special contribution as being to their environment. Their low-energy and passive prefabricated houses have long been found beyond the Slovenian borders; nowadays, around 40% of sales are in foreign markets. Their aim is not to be the cheapest, as this means the use of cheaper and inferior quality materials and subcontractors; instead, quality is at the very top of the priorities of Lumar IG.







**“We have developed and believed in technologies, which others initially made fun of.”**

**Marko Lukić,**  
Director, Lumar IG, d.o.o.



Lumar Active house



Lumar houses combine excellent architecture and energy efficiency – Lumar BlackLine Pure W8 in Vienna

## Committing personal assets to start a company

The beginnings of Lumar IG, founded by Milan Lukić, date back to 1992. As he believed in the knowledge, people, products and future of prefabricated construction, he committed almost all of his assets to start up a company. Over the years the company has had its share of ups and downs. A few years ago they sold the company to a major Austrian group as they hoped to gain access to foreign markets. However, very soon it became clear that the philosophies of large commercial groups and small family businesses differ significantly. This prompted them to buy back the company and to independently penetrate the Austrian market.

Today the company is the leading Slovenian manufacturer of low-energy and passive prefabricated buildings. According to Milan's son Marko, the owner and since 2001 also Director of the family business, they can say that "with our own hard work and knowledge, excellent employees and long-term partners, we have succeeded in developing a trademark that is recognized and successful at home and abroad." In addition to the Slovenian market, Lumar IG is also present in the Italian, Austrian, Swiss and German markets, which altogether account for 40% of total sales. In 2014 a team of 61 staff generated just less than €900,000 of net profit.

They are proud of their sound business approach, which undoubtedly has influenced their success. The company has no loans, no payables to subcontractors or partners, and it meets its financial obligations before maturity. This allows them to continually invest in development. "I have always believed that it is better to keep the money on the business account than on my personal account," explains Milan, who has transferred

this practice to his son. This is reflected in their excellence, which is continually recognized by others: in 2015 Lumar IG was voted one of the 50 Slovenian companies with the highest credit rating. "We have never aimed to accelerate our growth. Nevertheless, our results are continually improving. In the first seven months of 2015, we have sold more than in the whole of 2014," proudly explains Marko.

## Belief in technologies that everyone else made fun of

In the past few years, the company has developed into highly technologically-advanced and innovative enterprise. "We have developed and believed in technologies, which others initially made fun of," proudly explains Marko. As early as 2007 they were confident that passive construction would take strong roots and develop in the future - and this future is here now! The company continues to develop and improve their passive technologies. The company has certified two passive systems and two passive houses at the German Passivhaus Institute, as well as one in Austria. "The Lumar DNA can be observed and recognized in our passive and low-energy houses," explains Marko. They were the first company which developed their own standard houses in cooperation between their own architectural office and external architects.

Marko is confident that their success is due to the large amount of knowledge, potential and loyalty of the employees, as well as the result of the cooperation with first-class subcontractors and partners with whom they grow and develop products. All these attributes are reflected in the high quality of houses and customer satisfaction.

## You have to earn your position in the company; nothing is taken for granted

For the Lukić family, their company is more than a mere financial investment. The family spirit is combined with long-term vision and daily involvement in the company's development. To show that the company's welfare is at the top of priorities, individual functions and responsibilities must be clearly segregated even in a family business. "Early on, the family agreed that it should be clear to any third parties joining the company that individual functions cannot be taken for granted as family roles," explains Marko.

The family believe that the two main advantages of a family business are flexibility and a rapid decision-making process, supported by knowledge, development potential and a sense of responsibility. In a family business it is difficult to distinguish the fine line between business and private life. "This may not necessarily be bad," ponders Marko. "Perhaps sometimes there is just a little bit less time for one to relax." Both father and son agree that another key factor in a family business is that the owners are an example for all other employees, in order to create the relevant



"Live life to the full" is Lumar's slogan which is also reflected in their houses

authority, atmosphere and hierarchy. "Again, this is not such a difficult task, particularly if you are the one who is frequently the last one to turn off the lights, you work hard, are fair and provide the necessary security and a healthy environment for people to work in," adds Marko.

## From sportsman to decisive manager

Today the company reins are firmly in the hands of the second generation, while the third generation of the family is gradually learning about the company and its operational processes. "Management transfer was implemented quickly and successfully, without any major hiccups," explains Milan and adds: "I am aware that handing over the reins to the next generation may sometimes be a real problem." However, in the Lumar family business, this was no issue as Marko, former top athlete, has always been interested in the company. He entered it at a crucial moment, when the German market began to encounter problems: "At that time, our products accounted for 85% of our turnover, compared to the current 30%, and this resulted in a change in the business model."



Three generations of the Lukić family





Lumar built the Slovenian pavilion for this year's Expo in Milan



Quality comes first



Marko's son is already included in the company

# Lumar in a nutshell: “Family, innovation, development, quality, satisfaction.”

Soft transition of the management took just over two years to complete. “In my opinion, the key to success of the Lumar family business is that we have reconciled our differences of opinion, combined a wealth of experience and new ideas and used these as the common denominators to find what is best for the business. At times our egos had to be put aside,” says Marko in illustrating the transfer of the company management. Milan adds: “In 2009, when we received the Golden Gazelle, we realized the importance of a frequent exchange of views between Marko and me, for the company’s performance. As a top athlete he was not used to accepting compromises and he remains true to these principles. Of course there are differences between us: he is rather studious while I’ve got the courage.”

Marko’s mother Hilda is a co-owner, helping with accounting, and has brought new strengths to the company. Milan’s sister, an economist, also works in the company as Head of Finance.

## World-class businesses are not granted indulgences

“Living your life to the full does not only mean achieving individual comfort and well-being, but it is also about having a comprehensive and responsible attitude towards the environment in which we work and live,” says Marko, describing their slogan ‘Live life to the full’. Therefore, when designing Lumar houses, the future owner of the house is at the forefront of our attention: the house must comply with high aesthetic criteria, be comfortable and usable, and provide sufficient light. It must be a high quality building and pleasant to live in.

They intend to actively and forcefully promote these features in foreign markets: “With the establishment of Lumar Haus, based in Vienna, we have entered the traditional Austrian market and in the first few months of operations we have realized that our quality solutions, architecture and high quality execution, provide potential for growth and further development.” As a family business they have no need to sell large quantities of houses, and this drives their optimism and confidence that in the long term they could sell about 30 houses annually in the Austrian market.

They are also targeting Germany and Switzerland, where they intend to increase their sales activities.

Although operating in traditional industries, they are constantly looking for challenges and opportunities in other areas. This is what drives them forward, makes them stand apart from others, and in the long term brings positive results and contributes to brand recognition. “Certainly, long-term development requires maintaining the position of the technologically most advanced manufacturer and remaining a high-quality and reliable partner for the construction of the house,” confirms Marko. What other goals are pursued by Lumar? Based on further strengthening of development, they are already preparing analyses and plans for a development centre, which will secure their important competitive advantage in the future. “It is great when you are good; however, when you reach the top, the real art is to preserve quality. While an average company may be allowed certain lenience, the one at the top is not. Nobody will allow you that luxury,” says Marko, sharing his thoughts about the dangers of complacency.

## Marko and Hilda Lukić

### Owners

Company name:	<b>Lumar IG, d.o.o.</b>
Employees (2014):	<b>61</b>
Revenue (2014):	<b>€11.9m</b>

## Albert Bene and Miran Senčar

Founders and owners, Tenzor, d.o.o.

## Jana Bene, Taja Bezjak and Miha Senčar

Hospitality Leader, RFID Department Leader, co-owner and Commercial Manager

The advantage of a two-family business is that you have two available bedrooms, which you can transfer into offices, and from which you can conclude a contract with a global US supplier. This is exactly what Miran Senčar and Albert Bene did when they concluded their first major contract in the 1990s. Today, Tenzor is a socially responsible company providing technical security services. Through its subsidiaries, the company is present in the markets of the former Yugoslavia, and by contributing to regional development, it takes care of entrepreneurial talents and the local environment.







“It was important to appoint a director who was not from within the family, as my father was emotionally too closely tied to the company.”

**Miha Senčar,**  
Co-owner, Tenzor, d. o. o.



Tenzor supports Slovenian athletes

## The first office was in the bedroom

The beginnings of Tenzor date back to 1989 when Miran, the present co-owner and then teacher at a secondary school of electrical sciences, established the company jointly with two of his colleagues. To get a real picture of the start, we need to go back to 1993 when after four years of the company being dormant, two of the founders and partners left the company and, after a split of the company's ownership, Miran was joined by Albert. "We met in the animal foodplant, where after leaving my teaching job at a senior school I worked as head of electrical maintenance. I provided entrepreneurial spirit, while Albert took care of practical solutions. We needed each other: I ran the company, development and HR, while he was in charge of the technical side and implementation," remembers Miran of their first steps, when together with Albert they provided alarm system installation services for cars and housing developments.

Disappointed with the scope and growth of the business, they were looking for added value to their services that would give the company an advantage over their competitors. In 1995, they made their first contact with Sensormatic, a US company, at a small trade fair in Budapest. "Soon, one of their representatives called to say that he was coming for a visit. We were slightly embarrassed, as at the time we had no real offices, and we quickly transformed Miran's bedroom into an office using furniture that we had borrowed," remembers Albert. An American supplier of theft-prevention equipment chose them as a representative office and in the next 15 years they focused completely on technical security and protection of merchandise. Only four years after that fateful visit, they

invested in new business premises, a warehouse and a servicing workshop, as a result of increased scope of work and a large number of employees. They also established subsidiaries in Macedonia, Croatia, Serbia and Albania.

## From motorway tunnels to a non-family professional manager

Today the Tenzor Group provides comprehensive technical solutions for retail and shopping centers, industry, traffic infrastructure, libraries as well as hotel and swimming complexes. They offer products that are fruits of their own development in countries where they have subsidiaries, as well as directly or indirectly through an established partnership network in Switzerland, Austria, Russia, Georgia, Romania, Belgium and Bulgaria. Their success is the result of appropriate segregation of duties of both owners and excellent integration of the company's new director. "Neither of us have ever interfered with the work of the other: I did not get involved in technical areas and he left the company management to me. We have never had any major differences of opinion and neither of us ever overrode the decision of the other. We have respected each other's decisions although there were times when one or the other would do things differently. We have successfully cooperated over the past 23 years and intend to do so in the future," is Miran's confident assessment.

After intensive construction of trade centers in Slovenia, their main market, they redirected their attention to their own development and design department and the acquisition of major transactions at public



tenders. In 2007, they successfully bid for the reconstruction of motorway tunnels. Due to their lack of experience with such large-scale projects, Miran and Albert decided to reorganize the company. They withdrew to positions of consultants in their own fields and appointed Bojan Petek, a non-family professional manager, as the company's Director. "Despite the fact that the past eight years have been marked by economic crisis, the business has performed successfully, which shows that we have found a suitable company management model and achieved the necessary operational level that ensures good performance," explains Bojan, the company Director. "It was important to appoint an outsourced director, as my father was emotionally too closely tied to the company. He had a fatherly approach to all employees; however, you have to draw the line somewhere, otherwise things may get out of hand," believes Miran's son Miha. Last year, the company employed 48 staff in Slovenia alone and generated €4.9 million of revenue compared to a total of €6.7 million generated by the entire Tenzor Group, which employs 30 staff in its subsidiaries. In 2014, profits amounted to €404,000.

## Unwavering family support

However, things were not always perfect. "In the first two years, the survival of our families depended mainly on the income earned by our wives. Despite the fact that we seldom saw our families, as we left early in the morning when everyone was asleep and came back when everyone was already in their beds, our families have been a constant and unwavering support to us," explains Albert. Today, the second generations of both families are involved in the company. Miran's son Miha joined the company seven years ago when he was gradually introduced to the entire working process until finally taking over as Director of Sales in 2012. Last year he was joined by Miran's daughter Taja and Albert's daughter Jana, both as heads of sales. "Being aware that my father's slow retreat from active participation in the company could mean the loss of contact with something that is in fact an important part of my childhood, brought me to the point where from being a passive observer I decided to become an active member of the working team," explains Jana.



Tenzor's security antennas are installed in approximately 90% of Slovenian stores



System for video control of traffic with Tenzor solutions





Satisfaction of employees and loyalty are important Tensor values



Director Bojan Petek



Tensor was involved in equipping Karavanke tunnel

# Tensor in a nutshell: “Flexible integrator of intelligent solutions and electrical installation.”

Miran has unwittingly been preparing his son for integration into the company since secondary school, instilling in him the first sense of responsibility with a birthday gift of a 23% stake in the company. “It was then that I decided what I wanted and where I wanted to end up. Undoubtedly my father has influenced me with his entrepreneurial spirit, as I myself am much less enterprising. While we may have a different perspective on things, we never fall out,” eagerly points out Miha.

## Sponsorships worth half a million

“In Slovenia, family businesses are the ones that will prosper. A family is a close unit, and although there may be differences of opinion, quarrels are never a solution,” points out Miran. When families are directly dependent on the performance of the family business, this increases the likelihood of better wages for workers and increased investment in their careers and personal development. The company’s performance is always based on the quest for responsible, honest, frank and cooperative relationships with customers, suppliers, and particularly, employees and the environment.

In the first 15 years, more than half a million euros was donated to charities and sponsorships of artists and athletes: “If the environment contributes to your success, then it is only right that you give something back. If companies fail to take their social responsibility seriously, culture and sport will decline ever further,” thinks Miran. Perhaps it is because of the environment that the company has developed into an integrator of technical systems that is able to implement the entire electrical project from start to finish, based on their knowledge and without the need for any subcontractors. “It is important to employ flexible employees and good engineers who put the system together. Our employees’ salaries are 20% higher than those of other employees in our industry; however, they also contribute more,” Miha is quick to point out.

## The future belongs to the second generation

While during the crisis their turnover was in decline, they invested in development so that today they have to focus on growth. Their goal for the next four years is to achieve the level of comprehensive services in foreign markets, which they are currently delivering in the Slovenian market. Additionally, they want to surpass €1 million profit through increased sales of their own development products as well as provision of services in the specialized field of intelligent systems used in traffic infrastructure. “Currently, I am the only active owner and I know exactly what I am aiming for. Each week when I check the results I know exactly where we stand and what this means for the bottom line at the year-end,” says Miha. “If we consider that Miran, 10 years my junior, found a new challenge in the realm of politics and was in 2014 elected the Mayor of the municipality of Ptuj, and I have another three years before I can retire, I believe that we have in fact handed over the reins to the next generation successfully and without any major hiccups for either the company or the employees,” concludes Albert.

## Albert Bene, Miran and Miha Senčar

### Owners

Company name:	<b>Tensor Group</b>
Employees (2014):	<b>78</b>
Revenue (2014):	<b>€6.7m</b>

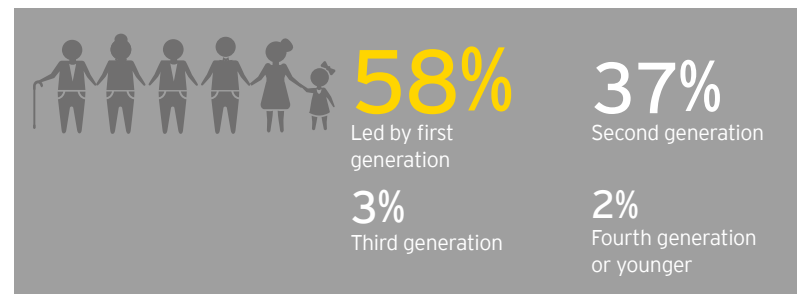
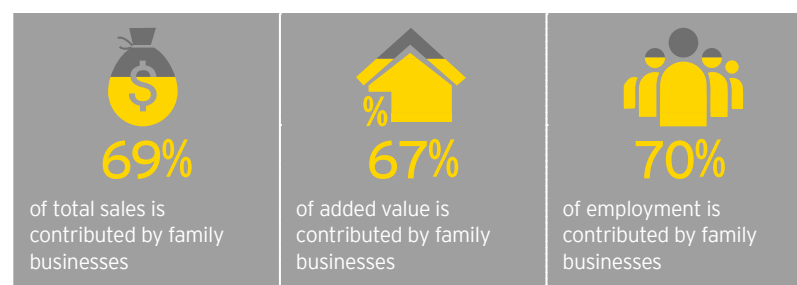
# Survey of family businesses in Slovenia

What is driving the Slovenian economy and creating jobs and added value? According to the results of our survey, *Characteristics of family businesses in Slovenia 2015*, family businesses provide the answers to this question. The survey was carried out over the summer months by EY Slovenia and the Chair of the Academic Unit for Entrepreneurship at the Faculty of Economics, University of Ljubljana. The aim was to bring public attention to the importance of family businesses in Slovenia while also presenting their many attributes. The survey shines a light on some important issues which the owners of family businesses should consider to ensure continued success.

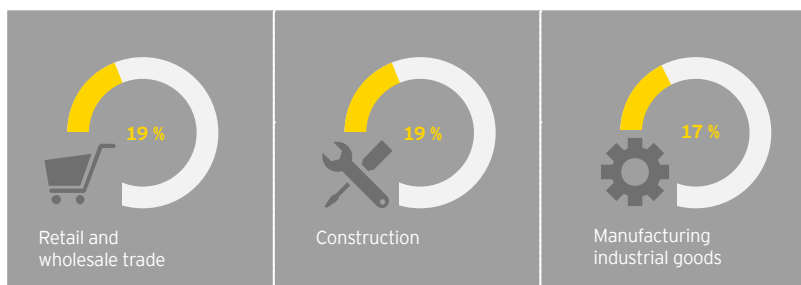
The survey's challenge was to determine the specific merits of family businesses in Slovenia. Its authors: Dr. Boštjan Antončič, Dr. Jasna Auer Antončič and Dr. Denis Juričič focused on a variety of issues: management and governance, local and foreign markets, challenges of family business transfer to the new generation, and the role of a family business in sustainable and directed operations, funding and cost management.

## The main attributes of Slovenian family businesses and their impact on the wider economy

The survey confirmed conclusively that **family businesses account for the majority of companies in Slovenia and as such they are the driving force of the economy**. It may come as a surprise that as many as 35% of top management posts are held by women, which is almost double the share held by women in other companies. Among other topics, the survey also addressed the issues of employing managerial talent from outside the family. The fact is that in a family business, management seems to come naturally: just over a half (54%) of fathers and just under a quarter (24%) of mothers of entrepreneurs, were themselves entrepreneurs.







## Key factors in family business success

The research showed that the key factors that provide the greatest contribution to family business success are:

- ▶ High-quality products and services
- ▶ Cost control
- ▶ Established trademark and loyalty
- ▶ Flexible and focused leadership
- ▶ Long-term perspective of governance

In order to improve their efficiency, Slovenian family businesses most frequently revisit supplier terms and pricing, introduce better knowledge management, and link pricing decisions to real-time market movements.

## Challenge: transfer to the next generation

The family system promotes loyalty and care for the welfare of all family members. Feelings play a much more important role than in other business systems, which are more dispassionate and aimed at achieving top results. One of the most important issues when researching family businesses is family succession.

Usually, family business leadership is there due to succession or a family tradition and the authors of the survey recommend that this leadership succession process should be planned well in advance and in great detail. Key factors of a successful transfer to the next generation include:

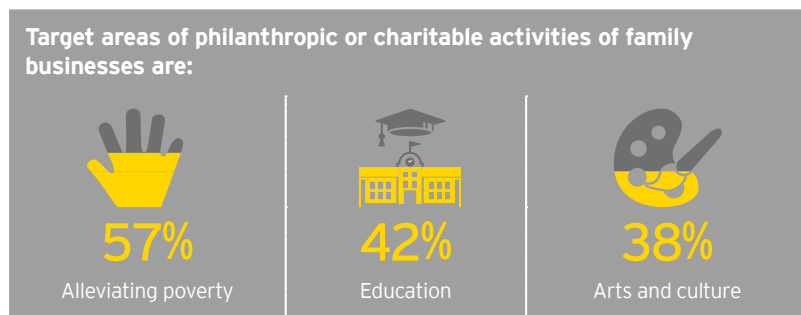
- ▶ Assessment of potential capabilities of a family successor (63%)
- ▶ Early transfer initiation (60%)
- ▶ Assuring continuity of business operations (50%)

Our research highlights all three areas while identifying three main categories including factors associated with successful transfer of a family business to the next generation. These include preparation of successors, family relationships, both business and personal, planning and control of activities.

## Sustainable performance in the DNA of family businesses

The authors of the survey found that one of the most critical success factors in a family business is the establishment and continuous revision of values closely associated with corporate social responsibility, including humanitarian and philanthropic interest. We can conclude that family businesses have a closer understanding of sustainable performance because they are determined to protect their family reputation and thus their actions are much more socially responsible than in a non-family business.

According to our survey results, **as much as 83% of family businesses pursue philanthropic** and socially responsible activities within and outside the family business:



## Special attention to financial and tax issues

Usually funding is the key concern of family and non-family businesses. Significant funding issues can be assessed from three different aspects: control, liquidity and the need for capital. The research shows that family businesses pay special attention to addressing taxation and other financial issues to avoid jeopardizing their long-term plans and the continuation of family tradition.



Our survey shows that as a type of ownership, family business is an important element of a sustainable developing economy, to which Slovenia is committed in its development strategy. The aim of this research was to contribute to public awareness of the importance of Slovenian family businesses, while at the same time highlighting the major issues and challenges they face and providing some relevant answers. The entire survey including the results are published on [www.ey.com/si/familybusiness](http://www.ey.com/si/familybusiness)

## Survey participants

Our research took the form of a special survey of the leaders and owners of 360 family businesses in Slovenia. The sample of participating companies is a mixture of micro, small, medium-sized and also large family businesses. While the survey was addressed to the leadership, it also includes financial statement data (bizi.si and AJPES).

## What are the most crucial issues in a family business?

In this year's survey we included factors which, based on experience and theoretical knowledge of EY Slovenia, we found to have the largest impact on the success of a family business:

- ▶ Success and management of the companies
- ▶ Characteristics of family business managers
- ▶ Transfer to the next generation
- ▶ Corporate social responsibility, philanthropy and sustainability
- ▶ Financial and tax aspects



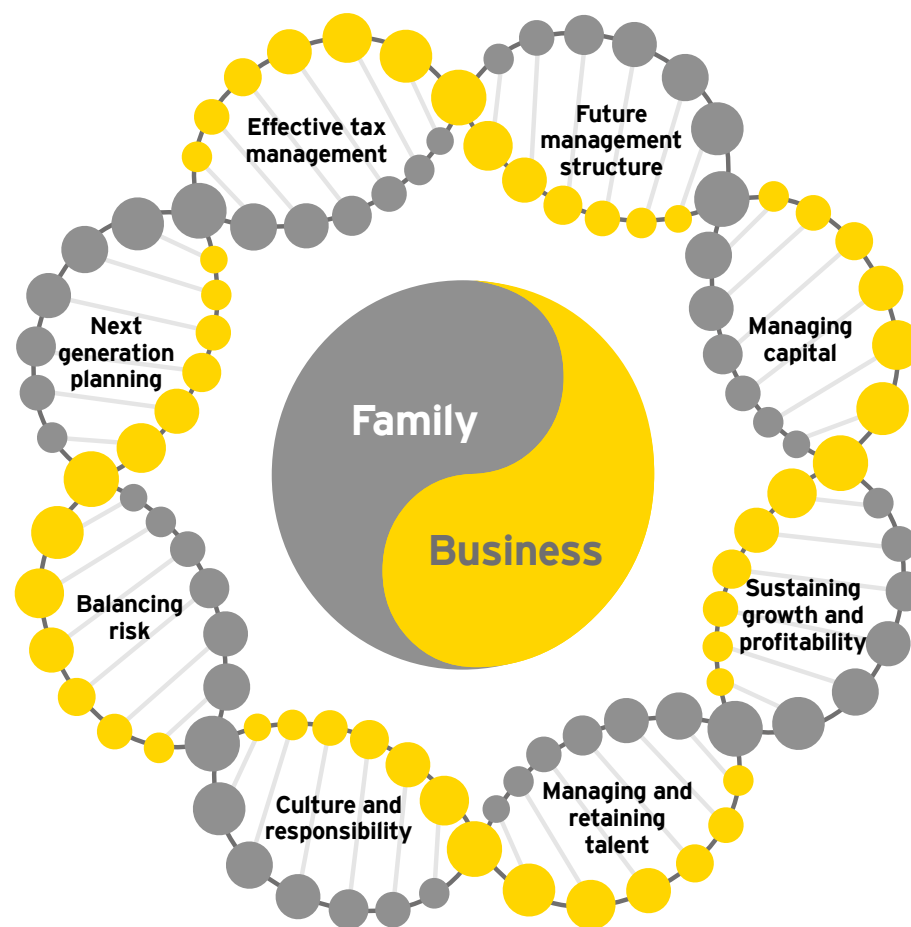
## EY and family businesses

EY is a market leader in advising and guiding family businesses. With almost a century of experience supporting the world's most entrepreneurial and innovative companies, our organization understands the unique challenges they face.

Based on extensive experience with family businesses around the world, EY has developed a "growth DNA model", which supports both the personal and company performance agenda of family business leaders to help their family businesses succeed for generations. The model focuses on eight determining factors: next generation planning, effective tax management, family governance, managing capital, sustainable growth and profitability, managing and retaining talent, culture and responsibility, and balancing risk.

The practical assistance and professional advice EY offers involves sector-specific issues, the latest regulatory provisions as well as personalized information from key areas of specialization – Assurance, Tax, Transaction and Advisory Services.

EY has an integrated, cross-border team available to address a unique family business agenda. Thanks to this worldwide knowledge - combined with an understanding of local customs, laws, languages and cultures - our global professionals can provide guidance wherever business is done.



EY's Growth DNA model of Family Businesses highlights the interlinked nature of the eight characteristics of successful family businesses

## EY Slovenia and the Chamber of Small Business and Trade (CSBT) - the incentive to succeed

The CSBT operates within the Chamber of Commerce and Industry of Slovenia, promoting the importance of small and medium-sized businesses for Slovenian industry. It encourages and supports integration and growth of its 1,500 members from the trading, services and manufacturing sectors. With its knowledge and actions, it promotes their successful growth and development.

As much as 85% of the European economy is driven by family businesses, and so it is no surprise that four such companies, presented in a book issued by EY in celebration of successful family businesses, are members of CSBT. "Family business stands for long-term business knowledge. Although growth may not be the most rapid, a family business ensures prudence, strength and security," says Brane Lotrič, President of the Management Board of CSBT, in describing family entrepreneurship.

The CSBT has been pursuing its mission of creating an environment that will support and promote development and growth of small businesses for more than 35 years. As a modern, forward-looking development, educational and consulting organization, it actively represents the interests of entrepreneurs from more than 80 business activities, thus realizing its vision in close partnership with the local and international business environment.

Brane Lotrič describes the CSBT activities: "We are an information, professional, educational, business and lobbying centre for the CSBT members, efficiently representing and protecting their common interests as well as offering help, mainly in promotion of the development of small and medium-sized businesses."

## EY Slovenia and Mediade - promoting knowledge and values

Mediade is a family-owned company, which has been closely involved in researching family businesses in Slovenia for more than a decade. It is the organizer of the Gazelles and the Golden Thread, two prominent awards programs, recognizing the best rapidly-growing companies and the best employer, respectively. As a result, their team closely follows the dynamic growth, excellence and challenges faced by family businesses.

"We cooperate with dynamically developing companies in marketing, communications and development. We identify ourselves with qualities such as focus on success, due diligence of good management and perseverance, all of which are typical of family businesses," explains Edita Krajnovič, Director and co-owner of Mediade. This year they are celebrating their first 10 years of establishment and thus have achieved the first 10% of their ultimate goal: "... to one day celebrate our centenary."

Mediade quickly recognized its role in EY's second successive year of promoting family businesses in Slovenia, mainly due to its understanding of the drivers of dynamic growth and sustainable operations. "We were delighted to write stories based on our interviews and include them in the core annual event, celebrating family businesses in Slovenia. Together, we are making a difference, contributing to the implementation of sound values and raising awareness of the importance of family businesses."

The company specializes in content marketing, helping companies build an efficient sales approach and recognizable trademarks. "We work with the best companies, organizations and people with ambition for growth," explain representatives of Mediade. Their specific advantage is a highly developed and efficient system of knowledge transfer and empowerment, which they use to reward project cooperation. "We work with the passion of an engineer and strong commitment to goals which we set, together with our clients. Our ambition and commitment is clear: we are determined to achieve excellence."

# EY NextGen Academy: fostering entrepreneurship across generations

Family businesses need an entrepreneurial spirit that not only ensures that the pioneering mindset and values that established the business continue to flourish, but also creates future opportunities to deliver innovation and financial and social value. However, when planning for business succession, potential business leaders may benefit from a little encouragement. We have therefore created the EY NextGen Academy Program, which offers a range of unique and exclusive one-week training events that help the next generation to explore their individual potential and introduce them to the challenges of running a family business. The EY NextGen Academy Program aims to inspire, motivate and encourage self-exploration by combining teaching from leading international executive business schools with practical experience and advice from EY, thereby creating a targeted offering aimed at the next generation of entrepreneurs and family business leaders.

In addition, the EY NextGen Academy builds the framework for a unique network of young potential entrepreneurs from around the globe, where all those who have attended the EY NextGen Academy are invited to join the EY NextGen Club and are given access to an online community to stay connected to their peers and EY professionals, wherever they are around the world. This provides these potential entrepreneurs with valuable networking opportunities and interesting insights to support them on a journey to success, which can continue for generations to come.

NextGen event for 2016:

## **NextGen Academy First Program – push your limits!**

Orientation: aimed at young people aged 16-20 in family businesses, this program will help the next generation of entrepreneurs discover their business potential.

- ▶ 17–23 July 2016, INSEAD Business School, Singapore
- ▶ 14–20 August 2016, Ashridge Business School, Hertfordshire, UK

## **NextGen Academy Advanced Program – seize the opportunity!**

Personality: this program will see the leaders of tomorrow build on their entrepreneurial talents. Aimed at 21-25 year olds in family businesses.

- ▶ 3–9 July 2016, SDA Bocconi School of Management, Milan, Italy
- ▶ 7–13 August 2016, Rotman School of Management, Toronto, Canada

## **NextGen Academy Excellence Program – make a difference!**

Visionary leadership: aimed at family business professionals aged 26-30, this program encourages young global leaders to act as agents of change and learn how to turn innovation into value.

- ▶ 1–6 August 2016, Stanford, California, US
- ▶ 29 August–3 September 2016, University of St. Gallen, Switzerland

For more details, please visit [www.ey-nextgen.com](http://www.ey-nextgen.com)



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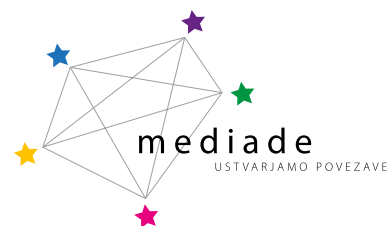


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### Mediade



### Family Business Network Adria



# Picture credits and copyright



**Urška  
Lukovnjak**

In preparing the Family Business book, each year EY Slovenia

collaborates with a young, talented photographer. This year the main feature photos were taken by Urška Lukovnjak.

Urša Lukovnjak, born in 1993 in Maribor, Slovenia, began to show her interest in photography in secondary school. Her first photographs were portraits of musicians; later she focused on concert photography.

Her work is regularly published in national newspapers. She has held four solo exhibitions, the most notable in 2015 in Cankarjev dom (Slovenia's central cultural institution) in Ljubljana.

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