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**Nikola Vasilev, CEO, Bulgarian Railways, IEDC MBA 2013 graduate (Bulgaria)**

**»WHERE EVOLUTION IS NOT POSSIBLE, THERE IS ALWAYS ROOM FOR A REVOLUTION«.**

**Nikola Vasilev recently became the CEO of the Bulgarian Railways after many successful years in telecom industry. That is quite a change, if you ask us, especially bearing in mind the drastic differences between both industries. So, what is the first thing that comes to your mind when you imagine railways? In an Eastern European country?**

**We decided to ask Nikola what made him take a decision on undertaking this job. You would probably agree that to a common outsider it might sound like a Sisyphus roll of a boulder up the hill. However, Nikola does not look at it that way and made us remember another Greek hero, this time a real person, a philosopher Zeno and one of his paradoxes.**

**Interviewed by Vera Pasyukova**



**First of all, congratulations for your new position of a CEO of the Bulgarian Railways. We understand that you started a few months ago. Why did you decide to do that after so many years in Bulgarian Telecom?**

Thanks for the greetings, most of my friends, however, offer me their "condolences" than congratulations :) And the reason for this is the bad condition of the state railways, which is a well known public secret: after being in debt for many long years to creditors, coupled with almost no investment and modernization efforts, outflow of young and experienced staff, relatively low wages and, of course, huge bureaucracy and extreme formalism, the situation is really far from good. Dealing with all that requires a lot of hard work, courage, energy and maybe a

a little bit of madness.

To be honest, I do not change jobs often - this is just the fifth company that I work for, though I've got a total of 25 years of work experience. In fact, I'm not for job hopping, although the employer market is very dynamic these days. I always wanted to give the best of me and to do everything in my powers for the benefit of the company, until the time comes when it's no longer possible.

The corporate management of any company is generally based on the same principles that can be applied to any other business field, no matter of the nature of business. Yes, there are many specifics, depending on the activity and the business model in place, but that everyone can

learn, as long as there is a desire and capability.

By profession I'm a software programmer, and no matter how strange this sounds now, it always helps me in logical thinking, process modelling, data structuring and workflow description, which are one of the most important things for any manager. The ability to adopt a model from one business area to another is very powerful, especially when it comes to sectors that are old-fashioned and very conservative and have to be radically changed and replaced by something new.

In that sense, the telecom business was not much different from my work for the railways. Initially I have been dealing with automation and process

management for a long time. I have worked in a company that has been also awarded several times for innovations - it's quite a contrast to what my current job position and current position is like. However, what seems like incompatibility at a first glance, is not at all. Things are the same when you look into the details. The question lies in formulating goals properly and finding ways to achieve those.

**When one hears »state railways«, and we are talking about railways in one of the Eastern European countries, immediately a picture of a old inflexible system comes to mind. Is that so? What state was the company in when you joined? Where do you see main challenges and opportunities for its development?**

The description is absolutely accurate, I would even say it's quite "gentle" for the reality.

Generally, the railway sector is one of the most closed and conservative of all, and when it comes to the railways in Eastern Europe, it is one of the brightest examples of that. Railways always acted as a separate institution, a state within the state. It is still like that everywhere - even in Western Europe or the US. An interesting fact is that this industry just a hundred years ago was one of the most modern sectors with the fastest development and technology improvements. In contrast to what it is now - lagging behind in many countries.

There are many possible answers to the question is this so - some of them are technical and technological, but one should not underestimate politics and social issues. Moreover, all the above needs to take into perspective

Moreover, all the above needs to take into perspective also the fact that the payout time of the investments is long - in railways, it can reach about 20-25 years. Last but not least, we are talking about billions of euros of investments.

Change comes slowly as there is a great deal of opposition and opportunism for maintaining the status quo. The main driver for change is the European Union, both with its decisions to remove the monopoly of the state and to finance the development of the railway sector through funds, grants and projects.

For the Bulgarian railways, almost everyone says that it is impossible to change, that we have already far passed the point of no return

which can be divided endlessly. So, in fact no motion ever occurs. But in practice this happens and the arrow strikes the target. That's what we're trying to show and do right now with the railways. It is a great challenge for me and for the team and I hope we have time and opportunity to make things move.

**At the time when you were applying for the MBA program at IEDC, you were working for the Karlovo Freight Wagon Factory where you contributed to the cultural »turnaround« of the company. Is it in a way similar to what you have to deal with in the state railways now? In your opinion, how difficult is it to change the culture and what**



no return and the worst is the opinion that we "missed the last train". However, I don't believe in that. People say where evolution is not possible, there is always a room for revolution.

One of the Zeno's paradoxes about the motion to occur and that is well described with the example of the flight of the arrow says that theoretically, the arrow can never reach the target, because it has to pass half of the remaining distance, which

**a manager needs to be aware of before delving into such an endeavour?**

With VRZ Karlovo I have been working on the other side of the railway business and it was an excellent experience. I have seen the process, I know how it works and how to deal with it. I have also seen all the problems that arise for subcontractors, what kind of obstacles there were and the conditions for work, and, most importantly, I know what has to

to be done for them to improve.

In that regard, we are now trying to optimize all processes in the railways for them to become more efficient, faster and more user-friendly. We are also working on removing any barriers, formal or informal, which were set toward subcontractors. I strongly believe that the work always needs to be results driven and any initial restrictions are usually not healthy for the business. In VRZ KARlovo it was a lot easier to work, for starters, because it was a private company; now, when we are talking about railways, the factors that affect the work are numerous and more complicated. Mind you, we are talking about a large sized company - there are over 9,000 people in the state railways, each of them with their own desires, interests and competences.

There are also a number of legal constraints that can't be ignored, especially in the preparation and rules of public tenders. With a view to preventing corruption, the procedures are quite heavy, inflexible and totally uncompetitive, despite the best intentions of the state. The procurement process is a bit bottom-up and slow - in order to buy something there is no direct purchasing in place and a tender must be prepared and participants invited. However, they don't always want to deal with bureaucracy or to wait for the process to be completed. As an example, currently we have a tender for services up, which was announced two years ago, and it is still in the phase of offers review, due to complaints in the court.

Additionally, the people who work in the company are accustomed to work as state employees - with or

without efforts or company profit their salaries are secured. Because the wages are considerably lower than in the private sector, it is hard to hire new, more motivated staff. Qualification is also questionable - due to language limitations there is almost no way to compare and monitor the international market development. Everything seems to be fixed and reduced to the old practices and knowledge.

The biggest challenge is the digitalization and overall speeding up of the processes and document turnaround. The state railways still live in the 19th century - everything is on paper and there are a lot of documents used. The minimum time limit for initiating any procedure is over 60-90 days, plus for procurement additionally 90-120 days at least. The current reviews show many incomplete procedures in process for more than a year, which practically are no longer relevant.

**Did education at IEDC help you in any way? Any particular professor or classroom experience that you recall that impacted your thinking and in what way?**

It is neither possible nor fair to single out any of the professors - from each of them I have taken something interesting and useful, applicable in the real business.

The biggest advantage of studies at IEDC training is that learning is based on real case studies and not on dry theory. The environment and ambience of the school are also predisposing to focus on the learning process.

Also the possibility to be with classmates from varied companies and with different experience is giving a great chance to learn

something new. This is especially relevant to the Presidents MBA program format - due to its duration, I had the opportunity to meet several generations of graduates.

For sure I can say I miss all my classmates and professors and the time spent at IEDC.

**Would you say you have found a way to balance time you devote to work and family? What helps you get energized to deal with daily pressures?**

Unfortunately, I haven't found a fully workable way yet. I try to find balance but in most cases this is not possible. When you have a lot of tasks that need to be done at the same time and they all have the same priority level, it's hard situation to deal with.

My work days are quite complicated - early wake-up to review some documents and emails due, preparation of the daily schedule, and arriving to the office, where I'm immediately overwhelmed by many different emergent tasks and problems that each of the subordinates tries to coordinate and to get an approval of or a decision on. I also have many meetings with a variety of external people - some of them are interesting, others are just formal protocol meetings for the record. And there is a lot of documents signing ... Lastly, just when the official working day ends, for an hour or two, I'm devoting some time for reflection and strategic thinking.

As a matter of principle, all weekends and holidays I keep for the family, when I'm doing my best to give them all my attention. This is also my time for rest and relaxation.

Recently, we've come across a publication of an interesting charity project that Bulgarian Railways does for foster kids. How did the idea come about? Why did you decide to do it?

As a company that has social functions, I think this kind of things should be a part of our corporate culture, to help people in need, and to whom especially if not the children? Unfortunately, the reality is that many individuals need help, there are also many social groups in such need, but most affected are the kids, with their purity and innocence. The capabilities of the state are limited, so everybody needs to come on board and assist as much as they can.

Up to now there haven't been any social projects in the company, and we just spontaneously decided to organize such an event. It costs almost nothing for the budget - transportation is our core business, also we have holiday bases available for the employees. So everything was just a matter of organization and coordination.

The kids liked very much their "Expected Vacation" - for one week we had organized various kinds of fun, excursions, visits to museums and more. Why we decided to



do it for the children from foster families was that it was feasible to organize it well in a timely manner. But there are still many other groups of children who need support, so this is our next goal and we will try to help them too. We want this to be a long-term initiative, not just a one-time act. Currently we are planning such an event for the summer vacation in one of our seaside holiday bases. Additionally, we will organize a celebration of June 1st, Children's Day, with special events planned in some of the trains that will include giving out gifts and entertainment activities for children.

**As an observation, many of our alumni, when hitting a certain point in their lives and careers, start running marathons. Are**

**you doing anything like that (yet)?:**

Definitely not, the marathon was never something that attracted me. There is an old joke about two lords in England, where one asks another: "Sir, what do you think about running for good health?" and the other replies: "I don't like it, my whiskey is spilling away from the glass while I do it" :)

However, I'm trying to be more active, frequently going to the gym, but there is usually no time for outside activities. Unfortunately we all have more and more sedentary lifestyle - from home to work by car, then spend whole day inside the rooms and then driving back home.

## MEET NIKOLA IN EVERYDAY LIFE

**My friends would describe me as... I don't know, need to ask them ... I will be very glad if they identify me as a reliable and loyal friend, whom they can always count on.**

**I appreciate most in other people... their honesty and trust.**

**The last book I read was... old Russian kids book called "The Adventures of Dunno and his Friends" by Nikolay Nosov.**

**The last film/TV series I watched was... Solo: A Star Wars Story.**

**My biggest achievement so far is... still resisting to the power of the dark side :)**

**An advice I would give to my son... always be yourself.**