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IEDC Alumni Success Story

ALJOŠA PAVELIN: »AS A CEO, COMMUNICATIONS IS AN ABSOLUTELY CRITICAL PART OF MY JOB«

Interviewed by Vera Pasyukova

Photo provided by Aljoša Pavelin

What kind of impact did the shipbuilding and related industries have with the corona crisis? What do you see happening now in our part of the world and elsewhere, like China?

Only the up-to-date impact can be discussed since we still don't know in which phase of the crisis are we in. So far, the impact was multifaceted and we witness very different developments. North Europe's shipyards were predominantly focused on cruising vessels, which was a crucial differentiation from Chinese and Turkish shipyards, focused on merchant vessels. Since the cruising industry is one of the hardest hit by the pandemic, shipyards focused

on cruisers are hit as well. Many cruise newbuilding orders were cancelled, contracts terminated, and shipyard operations suspended. As stated by a German shipyard's manager we'll see years passing till recovery.

On the other side, Chinese shipyards did not really feel the crisis. Fierce internal competition is another question, but this is not the topic here. Chinese shipyards at one moment have invoked the force majeure provisions in order to obtain 'free' extensions of the delivery dates, but that was more of a smart maneuver to exploit the situation. China became the unparalleled global power in shipbuilding and ship repair, a force of gravity, and ship owners do not have

much choice for larger scale projects but going to China. Even Turkey, with its 80 active shipyards and around 30.000 people directly involved in the shipbuilding and ship repair industry, lack raw capacity for such projects.

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which promotes a »dual circulation« model aiming to strengthen the domestic market. This shift was already underway, and the global disruption just accelerated it. A firsthand example: before the pandemic we had multiple-entry visas and were able to deliver projects in China easily. Today we can't get visa at all, and even if you would get one, there are so many uncertainties and restrictions on traveling, accommodation, access to ports and shipyards that one simply can't do the work. Chinese shipyards saw their chance to force clients to use shipyard's expert workforce, taking a hard stand towards outside service providers, severely limiting their access to shipyards. Even though this has become an annoyance to many clients, multiple factors are disabling them from moving from China. It's not easy to escape the gravity. However, many ship owners who were not tied to China, switched their vessels for repair to other countries, making a great year for Turkish shipyards and even for my Viktor Lenac (*the company, that Aljoša worked prior joining PBM Group), filling their capacities to the fullest. Talking about volumes, it can be said that a drop from China filled a lake in Turkey. I must emphasize that the way

we're trying to manage this crisis is unsustainable. We fight a natural thing in an unnatural way and the consequences could be far reaching. I believe the Swedish model will generate least damage for the society as a whole at the end.

How did your communications change with clients and internally



in the last half a year? How do you think things will develop?

As a CEO, this is an absolutely critical part of my job and I must admit I do not do it as I believe it should be done. My modus operandi is to be present, meaning visiting clients as much as possible. Clients closed themselves completely and digital means of communication proved not to be as effective (don't mix with efficiency) as ICT and telco industry wants us to believe. We do use software tools for video communication, but digital communication has its limitations, it is mentally and physically exhausting, so I avoid bothering clients too much. This part of my job is

making me really nervous and I truly hope I'll be back on a plane very soon, restoring relationships with clients. People do business with people, not holograms, yet ...

With internal stakeholders I communicate daily, face-to-face, using masks and respecting physical (not social!) distancing. I'm also

able to travel to our offices in Romania, Bulgaria and Turkey, so here I do not feel particularly limited.

How about PBM Group? How this global lockdown impacted your business?

2020 was a very good year for us, bringing fruits of good client relationship management in the past, and we faced strong growth, both revenue and profit wise. Yet, I'm a bit uncomfortable with the future if this global lockdown continues. It is true we're considering various scenarios of proceeding with our business, but forecasts are very fragile since things are changing daily. It comforts me that despite growing

»virtuality« of today's world (coronavirus is a nuisance and shall pass), humans will, for many years to come, keep having physical needs for food, water, clothes, energy. It means trading will continue, ships will be sailing, and someone will have to keep their engines running. We are top experts in marine engines and engine control systems and our quality and responsiveness will ensure enough work for us.

The truth is we keep growing. Our company in Turkey just started to work and the Baltics should be open beginning of 2021. Besides new revenue sources, I believe we have spread our risks as well.

You have got an extensive experience in ICT industry – from R&D, project management, sales and marketing to business development, however, five years ago you went into the shipbuilding. What made you move? What kind of knowledge and skills from your previous jobs help you in your current position and company?

This process was initiated during my Bled experience and for some time I just felt it is time to move on. My inner drive to test my capabilities and discover boundaries is relentless and I always look for challenging environments. The story around my switching to ship repair industry is almost unbelievable and I can just say I was lucky enough to get a chance to lead an institution like Viktor Lenac Shipyard. Looking back now, I'm truly proud of the job I have done with my team there. I



was learning every day, from everyone, and I have learned a lot, but experience and knowledge brought from ICT industry and Bled, put me in a position from which I was able to look at things from another perspective. This saved me from being trapped into the ship repair paradigm and I was able to use common sense, rise above the situations and see things clearly. Of course, I wouldn't be able to do this without unreserved support from my management team, but I had to create this team, bringing some tough decisions. It would take too much time to explain in detail here what we changed, how and why, but key achievements were: a completely new marketing

and sales approach, increased productivity through more efficient business processes, a flatter organization and better people management. However, the most important change was that people started to feel important and respected, and I dare to say I knew almost every of 500 people by name. I was spending almost all of my time with them, every day, and they've recognized it and rewarded it with their trust.

This rise of the shipyard was fast recognized by the market and we were acquired by a renown Italian shipyard group. Shortly after the acquisition, I have decided to leave, since differences in business reasoning and seeing the

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way to the future between new owners and me were irreconcilable.

Back in 2009 when you applied for the IEDC Executive MBA, to the question »Briefly outline your career aspirations« your answer was: »I intend to become a competent CEO«. How competent do you feel nowadays, being a CEO?:) Also, did EMBA help you overcome your weakness of "not loving statistics and numbers"? On a more serious note, what would you say was the biggest takeaway for you from your time in Bled?

I'd be more careful with my statements if I knew you'll keep the records:) This proves our future doesn't just happen, we are making it. Good and bad. I became a CEO, but I never stop developing my competencies. I keep on learning every day (and night:)) from whichever source I can. It's my curse or my blessing that I'm always restless and never satisfied with my achievements. It's my goals that make me happy.

EMBA was a life changer for me by all means. I stayed the same old, gut-feeling guy, but I learned to love and, more importantly, to use numbers and statistics:) This change I owe to great Professors Ellert and Kudar with whom I enjoyed crunching numbers. I dare to say that Accounting and Financial Management were my key educational takeaways. Strategic Management and Strategic Toolbox, on the other hand, with Jim (Ellert), Nenad (Filipović) and Brane (Kalpić)



were my favorite classes. The fact is I came to the EMBA armed with knowledge and experience from technology, project management, sales and marketing, people management, organizational change, even business planning, but I felt it was unstructured, and I was always questioning myself. Bled put all these things in the right places, connected the dots and revealed a broader picture.

However, with all due respect to everyone, my strategic takeaway from EMBA was my wife:) (I'm sure my fellow alumni will be pretty much surprised, but discretion was always my strong point.) We have a beautiful life together,

two great children and warm memories from the Devil caffè. Bottom line, the IEDC's return on my investment is immeasurable ... :)

Besides work, what are the things that keep you motivated and make you happy?

Family and children. Taking care of four of them is not an easy task but it is incredibly rewarding. I do my best to be present in their lives and provide them with tools for continuing happy lives when I won't be around.

Then comes the second thing. If you remember my graduation speech, besides a garbage man,

I dreamed of becoming a pilot. So, I became one. Now I should say I enjoy flying, but the truth is - I don't, I enjoy landings. I take off and land till I get tired. I know, it's weird, but nobody's perfect ... :)

If you had a chance for a »do-over« in life, would it be? Why? If not, why not?

Since my drive is to change things and make them better (which doesn't necessarily mean I always succeed:)), I would do some things over. For one, I would return to my teenage years and enjoy the present freer, caring less for the future.



Maybe in that case I wouldn't even care:) be having this interview today, but then, I probably wouldn't

MEET ALJOŠA IN PERSON



Aljoša Pavelin EMBA 2010-11
CEO, PBM Group, Croatia

My favourite free time activity is... flying or, if bad weather :,) reading.

My favourite travel destination is... Barcelona.

The last book I've read is I read again Brave New World by Aldous Huxley. Fascinating book, taking into account when it was written. It is also a warning one since I believe our future is not shaped by a divine intervention, but we are making it.

The other one I have just finished is The Economic Consequences of the Peace, by John Maynard Keynes. An illuminating book showing how short-sighted decisions, against clear numbers :,) , guided by a wish for revenge instead of a reason, set the stage for an ensuing disaster 20 years later.

My favorite movie/the best song of all times for me is.... There are many great movies, but since I have to choose: It's a wonderful Life by Frank Capra. There are even more great songs, but since I have to choose: My Way by Frank Sinatra.

The country I have not been to yet and would like to visit is... Uninhabited island in the middle of equatorial Pacific, with fresh water, bread trees and a lot of fruits:)

An advice I would give to my children... "People are always blaming their circumstances for what they are. I don't believe in circumstances. The people who get on in this world are the people who get up and look for the circumstances they want, and if they can't find them, make them." George Bernard Shaw.

I just want them to be happy and good people.