

»THE MOST IMPORTANT THING FOR ANY MANAGER IS TO BE ABLE TO STAY »NORMAL« THROUGHOUT THE CAREER, SO HE OR SHE KEEPS BEING A NORMAL HUMAN BEING AND WOULD NOT DEVIATE INTO A BEHAVIOUR OF SOME SORT OF A SUPERNATURAL PERSON WHO IS ABOVE EVERYONE.« **TONI BALAŽIČ, CEO, PANVITA D.D., SLOVENIA, EMBA 2004/05**



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*Interviewed by Vera Pasyukova, photos provided by Toni Balažič and IEDC*

*Toni Balažič needs no introduction. Without a doubt he is known by every single Slovenian in the country. The term "seasoned manager" probably does not do him justice when one looks at his career history. This year Toni Balažič received the IEDC Alumni Achievement Award. Well-deserved! When preparing for an interview, I had no idea what to ask him and where to even start. He turned out to be a very down-to-earth person and our interview went way beyond the time planned. Starting his career very young, oddly enough it was actually his young age that prevented him from leaving the country, and if he had done that, we would neither see him in IEDC, nor at the helm of the largest Slovenian companies. So, Petrol, Fructal, Mercator followed...Toni spoke about some key life moments and decisions he made that molded him into the person he has become, the person who knows and appreciates things that really matter.*

**Y**our career spans almost 27 years. Starting young and starting in the PR and marketing field you gradually moved to top management positions of major Slovenian companies that found themselves in some tough and challenging

circumstances. Looking back at all that way, what would you say were the most important skills and knowledge that helped you navigate successfully through all career turns?

Maybe It would sound strange, but I think the most important

thing for any manager is to be able to stay »normal« throughout the career, so he or she keeps being a normal human being and would not deviate into a behaviour of some sort of a supernatural person who is above everyone. Moreover, the humility is another trait for a manager to

have, as it helps you immensely in several aspects: first of all, it gives you the ability to listen to other people because this is important – the higher up you go, the more you need to listen to people. In a lot of companies you are surrounded by people who are only saying »yes, yes, yes« to the boss and who do not feel safe to express a constructive criticism. However, exactly these people are the ones whose opinions matter. That's why I think it's really important that you have the ability to really extract these reflections from the people you are surrounded with, as it can really enrich your ways of dealing with strategy, planning, operational matters or communication. The ability to make people feel comfortable to express what they think and what they would like to do, despite the fact that maybe it's something very different from what you think is right. Secondly, a critical self-reflection is another important aspect.

Moreover, I believe it is extremely important that you always challenge yourself and really have the ability to also look at your work, at your behavior in a critical way, and you use that in order to become better, to grow, to really change the things which might not be

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so good. So these two things are really important. Thirdly, the professionalism. It's very, very important to keep track of professional trends, and to base your decisions on data. The fourth thing is consistency. Each manager needs to have consistency in his professional career. I was kind of lucky in a way that the cases I managed, some of them were really, really tricky, you know, like Fructal, Mercator, Pivovarna Laško and so on, but, I think, we were able to manage the pitfalls of those cases with a high degree of professionalism and by doing that, we kind of avoided the common pitfalls, like having too much of negative press or criticism or being dismissed or whatever. So these four things are really crucial for me when I think of a long, sustainable career.

**Would you say your background in PR and marketing helped you with all these situations too? To communicate better?**

Yes, my knowledge in PR certainly gave me a kind of a holistic approach. One can get too »narrow« when you are a manager, being only focused on one, two, three stakeholders like shareholders and employees and customers. And by doing that, you can get blinded. PR gave me a more holistic approach, to really think about all the possible stakeholders and their interests, which is important when analyzing the overall company situation. Marketing, on the other hand, gave me the ability to always think about the needs - of the customer, of the consumer,

whoever is involved – when you are focused on the needs and building those mutually beneficial relationship to fulfill those needs, you cannot miss.

**You've started working pretty early as a marketing professional in Petrol, so at the age of 25, which is quite unusual for the young people these days. Many of them still study long into their 30s. Was it back then, when you were already working in Petrol, that you enrolled into the Executive MBA at IEDC?**



I'd been with Petrol for 5 or 6 years before I went for an MBA. I indeed started early with my career, but that was not a coincidence. One of the most important moments in my life was when I finished the secondary school. I was really bored then. There were three-month long holidays ahead and I did not know what to do with myself. So I called my mother, and she said that maybe she could arrange some work for him for the summer, somewhere. She went on and arranged work for me in Spem, which was a research and PR agency back then, so it was a PR center, and started to work



as a telephone interviewer, conducting market research. So that was my first job when I was 19. There was an older colleague there. Once we were having a coffee and discussing who's doing what and she said she was in PR. I had no clue what was that but I said I was really interested. She invited me to join their team. So I agreed saying »I want to work in PR«. I was 19-20 years old and doing studies at the same time. Those were the times of the first generation of PR professionals in Slovenia, so around '92-'94. I was really young, but I was already faced with very complex challenges. There was a big automotive company in Maribor called TAM. They were our clients when I was 22-23 years old. We lobbied for a law to be able to restructure TAM. I was confronted with both good and bad things that were permeating the business environment back then. But I always leaned on my professionalism. At the age of 24 I was still in Spem and we launched the London School of PR in Slovenia, a UK program that we translated for the Slovenian market. I was the first director of LSPR in Slovenia. So I was really confronted with all that, and communication trends globally. I was also exposed to potential clients as the primary contact for them. So Petrol, for instance, was one of my clients then and their HR manager recognized my potential as a manager and with their CEO's approval, they offered me a job as a marketing manager when I was 25.5 years old. That was the reason I got a job there, really without any connections. You know, I didn't have any political connections,



nor had my parents any political connections. So I was really lucky to get that opportunity.

It was not easy, as I was confronted with a different culture, a very stiff culture. I think the youngest manager then at Petrol was at least ten years older than I was. The average age of a manager was probably 20 years older than I was, so I seemed almost like a child to them. The task I was given was also very demanding: they were centralizing marketing and PR. There were several »centers of power« within the company and I had to centralize that. I really had to fight a lot internally for the power, for the right thing, for the professionalism and so on. But at the end of the day, we were, I think, quite successful. We did a lot. We also tried to change the culture, from a distribution-based company culture to a market-oriented culture. We started the marketing academy with INSEAD. It was a really fast and steep learning curve for me, not only in terms of marketing, but also in terms of a manager, a young professional, who was faced with a really different culture than what I had been used to. After all that I realised I wanted to go for an MBA. While I was pretty confident when it came to communications and

PR, I really wanted to expand on that.

### **How come you decided on the IEDC and not, for instance, INSEAD that you just mentioned?**

I actually wanted to go abroad and contacted IMD. However, since I was 27 years old, IMD had (or maybe still has) an age limit. One has to be around 30 to enter their courses. And I said to them, you know, I have enough experience, please let me do it, but they refused. I also had second thoughts about how my career might turn out should I have decided to go abroad - I thought it would stop. These were the reasons why I decided for a program which would allow me to study and continue my career in Slovenia. The IEDC was then the best school in the region. I still hope and believe it is. I think it was a good decision. I still don't know. Maybe my life would have been completely different if I went to INSEAD or IMD. I went to the latter for some executive courses. When I was in Petrol, I was really lucky because they invested in me, so I went to executive courses to Harvard, to Kellogg, to INSEAD and so on, and I really saw those schools, participated in different courses and appreciated it, it was also fun.

**Do you still keep in touch with your classmates? It was a very nice EMBA generation in 2004 when you started your studies.**

Well, yes and no. With some of them we did keep the contact but not with all of them. Some people were my colleagues in Mercator. The issue is that my career was developing so fast and things I was dealing with were so demanding, that I could not really keep touch with my colleagues and ex-colleagues as much as I would have liked to. The older I get, the more I miss some people, you know, who were really fun to be with, not in a sense of partying only but for discussing some serious things too.

**You mean intellectually rewarding?**

Yes, exactly. Intellectually rewarding. The work of a manager, you know, sometimes becomes a routine. That's why you need some colleagues to have a kind of an intellectual brainstorming, to have critical reflections with, who are neutral to your situation or things you are dealing with. And this is something I actually miss.

**So you wouldn't be able to say what was the biggest takeaway from that EMBA at IEDC for you?**

Oh, actually, I would. If PR gave me holistic approach in terms of, let's say, social, »soft« approach to the company, EMBA gave me that »hard« approach to the company in terms of accounting, finance and so on. And I still cannot

believe how much I really learned in those, you know, few weeks which we had for accounting with a Canadian professor, Randy Kudar.

**Were you singing »Contribution« too?:(**

I still remember how we all sang that song from the Rolling Stones, you know, »I can get no contribution...«.

Also it's worth mentioning how much the course on finance with Jim Ellert gave me. So yes, both EMBA and executive courses from INSEAD really changed my view of the company. I started to look at the company in a totally different way, more from the balance sheet and P&L point of view to really start to understand how to create the value.

**What would you say were the toughest business situations you had to deal with in any of the big companies you worked for and why? Why would you say they were very challenging for you?**

I still remember it vividly. I think it was the day before Christmas, 24 of December 2014 or 2015. I was a CEO of Mercator and Mercator at that time was in a middle of a financial restructuring. When I came to Mercator it had a €1.1 billion debt with 57 banks located in 8 jurisdictions.

I think almost half of that debt was due in a few months after I came. Also at that time in Slovenia and globally, there was a banking crisis going on. These were really



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hard times and that was the reason we had to go into the restructuring. The difficulty lied in the different interests all these 57 banks had. Some of these banks also worked with our potential owner, Agrokor. One of the banks, has issued a €10 million bill of exchange.

On the Christmas Eve, I was already at home cooking with my wife, preparing the dinner. At 14:00 my CFO, Drago Kavšek, called me. I knew by his very deep breathing, speaking slowly, that we had an issue: »Toni, we have a problem!« he said. "What is the problem?" I asked. "You know, one of the Croatian banks issued the bill of exchange for €10 million and we are in a default because this is a breach of a standstill agreement with the banks. We can go bankrupt. We will go bankrupt if we do not solve that issue with all the banks during the Christmas time.«

I think it was Friday when the stock markets were supposed to open again. So we would have to announce on that Friday that we go into bankruptcy or we would have solve the issue by then. I was living in Maribor then. I said to my wife, after I put down the phone, that I have to go to Ljubljana and that I don't know when I will be back. It was

really an emergency, a crisis situation during the Christmas time and we were calling the banks explaining that we need their approval that we are not in a default situation - a so called covenant breach waiver. For that we had to contact their credit risk teams, the risk board had to approve it. It was a very tricky situation but we made it. The alternative was to go into bankruptcy and I was responsible as a CEO for 22,000 people. It was the most challenging situation I have ever faced because the consequences of not being able to successfully solve that issue would be catastrophic. It was the most demanding situation in my life. There was a question rolling in my head whether I would be the last CEO of Mercator, responsible for 22,000 people losing their jobs. That was really, really scary. I came back to my wife three days later. So, yes, I left on Tuesday, when we were preparing the Christmas dinner, and returned to my wife and my child on Friday afternoon when we successfully communicated the situation on the stock market and calmed down all the stakeholders.

**That was one of a kind experience indeed. Now, to our next question. So running Mercator, so running a shop, is probably very different than running a production company, like Fructal, where you had worked previously. What would you say are the major differences?**

There are differences, yes. I would say the cycles from the product to cash are longer



at production companies than in the retail company. In the retail, you have to daily monitor the sales, margins, number of consumers and so on. So I would say that a production company is in a way a bit easier to manage because of a longer cycle. But, on the other hand, you're more pressured or more exposed on the purchasing side, especially looking at the today's situation in the world. So these are the major differences. Moreover, bigger retailers have an issue of complexity. There are a lot of numbers, a lot of information, and managing all those millions and billions of numbers is really tricky, meaning, analyzing all that information in order to get some useful insights. I would say that despite the amount of data available, an average retailer is still managed in a sort of »primitive« way, simply because of the complexity of that data. With the AI technologies now available, I think, retailers would finally be able to manage their business much better. So these are the main differences: the cycle, the purchasing side and the complexity of data, which is higher in the retail business.

**You mentioned previously the amount of stress that managers sometimes have to deal with. What are your**

**support mechanisms? Did you figure out any sensible way of how to deal with stress and be able to restore your energy?**

I try to balance my life as much as possible, so private/business life. I think that that balance is really critical, in fact there are these three-four pillars, not only business, but family and friends, while not forgetting to take care of yourself. I must say that when I was working in Mercator, during those first 2-3 years I was not able to keep that balance well. I remember getting an extremely good critical reflection from my daughter who was five then. When I came home once during the week, so when I came from Ljubljana to Maribor where my family was, my daughter opened the door and said: »Mommy, daddy came for a visit again«. That was a kind of a wake up call to me. I said to myself that this is no ok, I will lose my daughter and my family this way. My daughter helped me balance my life. Then there are some smaller things, like I listen to music, I exercise as much as possible, but these, really big things, big reflections which everybody encounters, should not be missed, especially in some critical times. My daughter now is 11 and, I think, we have



a wonderful relationship with her. It was one of the reasons I actually left Mercator, to be able to spend those critical years in my daughter's childhood with her. If I stayed in Mercator, who then went into another cycle with the new owner, I would not be able to spend more time with my daughter. So I decided to go for a different path then.

**If you had a chance to do something differently, what would it be?**

The only question I ask myself sometimes is about what we've discussed in the beginning. If I had gone for an MBA to France or to Chicago or Boston, would my life have been different? You know, I'm very happy

with my life now. I've always been happy with my life and I wouldn't change a thing. However, sometimes I wonder if my life would have been different should I have chosen another path. I might have had a career somewhere else.

## WHAT ONE CAN'T FIND ON TONI'S CV



EMBA 2004-05

**Toni Balažič**  
CEO, Panvita d.d.  
Slovenia

**What's your favorite Slovenian wine?**

*Marof's Modra Frankinja and Lunar by Movia and I also like Marjan Simčič wines.*

**What's your favorite movie or TV series?**

*I actually really like Billions, Succession and Fauda, and my daughter, who has a good sense of black humour, got me to watch Beef, we watched it together, it was a good one.*

**When you were a child, what did you dream of? Ever dreamt of becoming some superhero?**

*I have never dreamt of becoming a superhero, I always dreamt of travel though. What I became now is actually pretty close to what I wanted to be when I was little.*

**What's your favourite travel destination?**

*My favourite country is South Africa. I love it because of the nature and food and wine, in part also because of the history, because it makes South Africans unique and different with all the challenges they have now. But South Africa is for me like a fairy tale land, however, I would not live there.*

**What matters in life most is...***health. I was faced with a serious illness two and a half years ago. You know, they say, healthy people have 1000 wishes and those who are not have only one. Being healthy gives you the freedom to fulfill the many wishes and plans you have.*