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### POLAND – THE NEW YOUNG EUROPE RISES

It seems only yesterday that “Polish jokes” defined the image of Poland. In today’s Europe, however, the Polish joke is on France, Germany and many of the other nations of “old Europe.” Poland is back with a vengeance, and, with their American friends, they are changing not only themselves – but the rest of Europe as well.

A “BRIGHT MORNING” ATTITUDE. There is an excitement, a buzz, an energy when talking to the Poles – particularly the young (say 40 and under). After 45 years of the grayness of communism, all of the pent-up energy is spilling forth in a frenzy of ambition (in the positive sense) and hard work. George Johnstone, President of PriceWaterhouseCoopers in Poland, notes

“It is several months since Poland’s accession to the EU and it is noticeable that the level of investors’ interest and confidence in doing business in Poland has risen and we are currently seeing high levels of potential activity across all sectors of our business . . .”

Now the bright morning attitude isn’t everywhere. Many of the older people, those who spent a large part of their career under the communist regime, are “playing out the string” – set in their old ways, and waiting for retirement or death. They may live next door to the younger Poles – but these groups live in two different worlds. Bureaucracy, bad service and sullenness still exist, but those people are being increasingly pushed to the sidelines. Spiro Vamvakas, Vice President, European Operations of the Kimball Electronics Group, says

“ . . . our ability to meet or exceed our customer's expectations has been the availability of well educated, extremely dedicated, human resources. As a result of our success here, our Poland facility will become the ‘stepping stone’ for further expansion into Eastern Europe . . .”

A LOVE AFFAIR WITH AMERICA – AT A UNIQUE TIME IN HISTORY. Poland is perhaps the most pro-American country in the world. The Poles were America’s most loyal and fervent allies in the Second Gulf War -- the anti-war, anti-US demonstrations in the United Kingdom, Italy and elsewhere simply didn’t occur in Poland. Every Pole has a relative living in the United States. Chicago is the second largest Polish city in the world. The Poles welcome American visitors enthusiastically, and the American “brand image” has no equal.

The Poles embrace American culture and the American way of life with none of the hesitation and criticism encountered in, for example, France and Germany (many Poles have strong reservations about both countries). American shows dominate

Polish television, and American movies have a wide following. Almost every young Pole wants to learn English.

The Poles also see themselves as having a “once in history” opportunity. Polish history can be summarized as “being between a rock [Germany] and a hard place [Russia]”. During almost two centuries (1795-1989), the Poles were independent for only 21 years – and much of those 21 years under a dictatorship. The Poles see themselves as having an historic opportunity – and the best way to make sure that they never suffer this kind of domination again is to work very hard to build the economic and political structures that will guarantee their independence and ability to control their own destiny.

As the Detroit Free Press noted,

“Poland's markedly pro-American sentiments will set it apart from France and Germany . . . For the first time in perhaps 300 years, Poland is poised to be a linchpin of the European system and a player on the world stage.”

Also, at least for the moment, costs are much lower than in the West. Wages are 15-40% of Western levels, and prices (particularly for local goods, and especially outside the big cities) are also refreshing for Americans used to prices in Euros elsewhere in the EU. Coupling the low prices with the outstanding work ethic (Poles have the reputation of being the hardest workers in Europe) and the high level of education (one thing the communists did well) provides near-western levels of productivity with third-world costs. A division manager of American Standard notes:

“Much of [our] work was previously done in Austria, Sweden and Germany by workers and managers who only a few years ago couldn't imagine that Polish workers could match them on quality and productivity. In both cases, they already have.”

**THE NETWORKS AREN'T IN PLACE YET.** In stark contrast to western Europe, the business community is very open, and the players are still taking their places. Capitalist Poland is 16 years young. Unlike France, Germany, the United Kingdom and the United States, the Polish networks aren't centuries old – Poland literally started from scratch in 1989. New entrants – and particularly Americans who are willing to do their homework, build the relationships and work closely with the locals – can still get niches on the commanding heights.

One example is a leading law firm in southern Poland. The firm has four partners, of whom the oldest is 36. They are the correspondent firm of a major international law firm (which has 33 offices throughout the world, and where this firm doesn't have offices, it has "correspondents" – trusted colleagues who can help their clients when questions arise in the foreign country). This firm's clients include the largest Polish steel company, the second largest information technology company, two major Polish cities, the European Bank for Reconstruction and Development, a major university and the only Polish toll road authority. In the US and western Europe, it is simply unthinkable that a 4-partner firm whose oldest partner is 36 would have such clients.

**AN ATTRACTIVE CULTURE.** The recent death of John Paul II brought a lot of attention to Poland – and highlighted some of the positive aspects of this culture. Poland is remarkably united culturally, with almost no ethnic minorities. The population is overwhelmingly Roman Catholic (and thus much more Western than any other Slav country) – and, unlike in western Europe, very observant. Church attendance levels are similar to the US. While this fact doesn't mean that every Pole is honest (far from it), this moral framework strongly conditions relationships with the Poles.

As in many European countries, relationships (and family) are critically important. Poles build relationships slowly and cautiously. The Poles are famously loyal; a friendship in Poland is for life. The Poles love to have fun, and they want you to join in.

**A CENTRAL LOCATION.** Looking at a map of Europe – from the Atlantic to the Urals – shows that Poland is almost in the dead center. It's close to western Europe (particularly Germany), eastern Europe (particularly Russia and Ukraine) and the Middle East. It has several all-year ports and a dense road and rail network (that needs repair – but that's another business opportunity). Poland is ideally located to ship to and serve a market of over 800 million people<sup>1</sup>. Also, there's a huge language pool to tap; the staff of one 35-person office in Katowice speak 22 different languages. In the words of Uwe Horlacher, President of the Management Board, Polar SA/Whirlpool Wrocław,

“From the European business perspective Poland is an interesting place for investment. It is situated between highly developed Western Europe and Eastern Europe with such markets as Russia, Ukraine, etc. This geographic location creates a number of opportunities. One of them is getting investment and jobs from the Western part of Europe as well as from the US and Asia.

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<sup>1</sup> The European Union, Russia, Ukraine, the Balkans and Turkey.

Another opportunity is the facility of delivering goods to the Western, Eastern, Northern and Southern parts of Europe and to the countries outside Europe.”

A NEW MEMBER OF THE EUROPEAN UNION. Joining the European Union on May 1, 2004, was arguably Poland’s biggest stride forward since the fall of communism. With nearly 40 million inhabitants, Poland is larger than the other 9 new EU members combined. According to [Jarosław Mulewicz, Director for Governmental Affairs, AVON Cosmetics](#):

“Polish membership in the European Union made the legal and financial framework for business more transparent and foreseeable, as it must be in line with EU requirements. The threat of sudden changes of economic policy by a new administration will no longer exist. At the same time, Poland as a large EU country will become a good place for investment for all companies wishing to operate on the entire EU market.”

Many observers consider Poland as being like Spain in 1985 or Ireland in 1973. Poland will become a middle-class nation (the Poles are avid consumers) over the next 20 years, with the same tastes and habits as every other Western nation, and the companies that can assist them will do very well. Moreover, for many projects, the European Union is willing to fund up to 75% of the total cost to accelerate this process.

As Steven Pearlstone noted in *The Washington Post*

“A curtain has descended across Europe. On one side are hope, optimism, freedom and prospects for a better life. On the other side, fear, pessimism, suffocating government regulations and a sense that the best times are in the past.

This is not the same "iron curtain" famously described by Winston Churchill at the outset of the struggle against communism. But it is a psychological barrier demarking the part of Europe that is embracing global capitalism, and the one that wishes desperately that it would go away. This time, however, it is the East that is likely to prevail. The energy and sense of possibility are almost palpable here . . .”

While it may be late summer or fall in America or western Europe, spring has come in Poland. Go and feel the excitement.

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