

The man behind the success of Purmo in Poland

Wojciech Makowski

Wojciech Makowski is something of a Polish paradox: simultaneously a shrewd businessman and a famously generous, friendly character. Always on the alert to see who he can help, Wojciech has managed to surround himself with people who, in plain terms, love him. Clever Magazine travelled to Warsaw to meet the man who introduced panel radiators to Poland, distributed Italian furniture, and in one chapter of his life employed 70 people in a company producing blue jeans from imported Brazilian fabric.

Born in 1947 in post-war Warsaw, as a child, Wojciech Makowski played in the rubble of the destroyed city, 80% of whose buildings had been levelled by bombing. As he grew up, he would join his friends on secret trips to the rooftops, where they would gaze across the horizons of a country rebuilding itself under the watchful eye of the soviet regime. As a youth, Wojciech was interested in planes, later studying at Warsaw University of Technology's faculty of Power and Aeronautical Engineering. And though he would not go on to become a pilot, he did invest his working life in becoming a captain of industry. As a result, he contributed to the comfort of thousands of Poles and built a number of successful businesses, helping his country's economy and impressing a lot of people along the way. A man who plainly values honesty, Wojciech openly talks about any subject that is raised, and only hesitates when we touch upon the reason for our visit: his imminent retirement.

THE START OF A NEW CHAPTER

"Yes, I will retire at the end of this year," he explains, matter-of-factly. "To be honest, I don't know how I suddenly got to this age," and the grin that flashes across Wojciech's face is in turns cheerful and nostalgic. "I don't know what the future will bring, or what a psychologist might say about my

approach to retirement. But I'm looking forward to letting someone else have a chance at being in charge of the best company in Warsaw," he says, "giving the younger people their time in the spotlight."

The spotlight that Wojciech Makowski refers to is today known as Purmo Polska, but began life because a Warsaw graduate with an MSc decided that refrigeration was not in his future. "It was 1972, I had just completed my studies and spent half a year in the refrigeration industry, before rejoining the Institute of Technology," he says. "I was responsible for the development of new technologies in the heating business. It's more or less the same as refrigeration of course, the principles of heat transmission are the same, only the directions are different. I was there for 11 years, working with some external companies, primarily from Sweden, including the radiator manufacturer Fellingsbro Verkstäder, and Wirsbo." With his team, Wojciech created several projects and installed a number of modern heating installations, a task made more challenging by the economic standstill that Poland was undergoing as an eastern-bloc country. "The situation was difficult, and it just got harder to earn a living," explains Wojciech, before he begins the story of his life as an entrepreneur. >>



BLUE JEANS

"I started my own business in 1982, making blue jeans and jackets, importing the fabric from Brazil," he says. "This was a very interesting time for me. I learned a lot about organisation, finance and bookkeeping, and at one point I was employing 70 people. At the same time, I was importing and selling Italian furniture, a very enjoyable period of my life. But there was increasing competition from the east, from China, and in 1989 the company closed."

For some people that might mark an ending, but not for Wojciech. It was 1989, a time of real political transformation and transition in Poland. The socialist government until this time provided subsidized energy, which

made heating very cheap, and as a result, people paid little attention to their heating use, making little effort to conserve energy. "There were no thermostatic valves, no need for them," says Wojciech. "If people wanted to change the temperature, they just opened the window – it was very primitive. I reasoned that if the cost of heating went up, because the subsidies would disappear, then everyone would have to start caring about their energy use. And I saw a clear opportunity. It was time to go back to my first expertise, back to heating." The challenge ahead was huge: in a country dominated by cast iron radiators, with heavy iron pipes and leaking plumbing, only 4% of households used panel radiators. "It was very primitive, and the opportunity

was there. So I set up the company TKM systems in 1990 with two partners, and we got to work."

THE END OF SUBSIDISED ENERGY AND THE CONVERSATION ABOUT CONSERVATION

"Our goal was to change the old fashioned installations for new modern installations. As well as radiators, we imported copper and plastic pipes, from Italy, Finland and Sweden, using the contacts I had made through the Institute." The ever-important thermostats from Danfoss and Heimaier were imported from Germany and Denmark. "Remember that we were talking about nothing less than a national, cultural shift in mindset," emphasises Wojciech. "It was a very tough process in the beginning. We had to show that there was no corrosion in panel radiators, as there was in the past, with open and leaky installations. Thankfully, installers very quickly realised they no longer had to carry heavy cast iron radiators and iron pipes. We made presentations to them, showing that they could take 200 metres of pipes that only weigh only 20kg. At the time, they had to take straight iron pipes, very heavy, and cut them, thread them, a lot of work. And a radiator weighed around 70 or 80 kilos, in comparison to 30 with a panel radiator.

"I remember after a particular presentation, an installer came to me and said . 'I am going now to sell my iron stock, all of it. I will now only work with panel radiators'. That was a very proud day." There was another interesting aspect of the technology shift at work. During the casting process for iron radiators, the inside of the radiator is left with a fine coating of sandy grit that cannot be completely flushed out. When thermostatic valves were introduced, it was

found that these grains could become trapped in the smaller valve, blocking it, making it impossible to use thermostatic controls on the old radiators. This further challenged the traditional method of heating. And in another stroke of good fortune for Wojciech, the government had recently brought in a subsidy for modern heating installations, as a reward for saving energy.

"So I had become a normal merchant, and in the first year was very successful, very good profit. In the meantime in 1989 Rettig had acquired one of my suppliers, Fellingsbro Verkstäder in Sweden, so I soon had an offer to sell Purmo Radson radiators from Finland. Eventually I got a very interesting offer from Rettig and so in 1992 I sold the business and remained on as MD of the company, Rettig Polska." And so the work continued, expanding into Poland and bringing panel radiators to a growing audience.

SOWING THE SEEDS FOR ECONOMIC GROWTH

"Essentially we were the pioneers," says Wojciech. "And remember too that in the old days, there had been no private wholesalers, only government-controlled. This had changed overnight in 1990 - we were one of the first. Of course there were other people who wanted to become secondary merchants, to supply our products to customers. But the problem was that they didn't have any money. So I had an idea. We

created a line of credit, where customers could take maybe a trailer of radiators, 500 or 1,000 and pay us after 90 days, so they could start their own small business in this way. This started with maybe one or two merchant suppliers and quickly grew to 22 across Poland. This helped them of course to grow, so gradually they were able to reduce the payback time, and eventually they began to pay up-front for the products they wanted. Many of those same suppliers are still operating today, and we have a strong bond of loyalty there, a very good relationship because they were also pioneers, boosting the economy.

Around this time, in co-operation with the Rettig management team in Finland, we bought the Rybnik radiator factory, a decisive move in the development of the Polish market. Today, the Rybnik factory is the most modern in Europe, producing radiators for distribution throughout Europe and Asia.

"There was another moment - a real tipping point, around 1993, when sales really took off. There is a road in Warsaw with terraced houses on both sides. One side of the road, one complete terrace, was equipped with traditional heating systems. On the other side of the road, directly opposite, we installed a modern equivalent: panel radiators, condensing boilers, and so on. After a year, the people in the new houses had energy bills 50% less than their neighbours across

the road. There is really no better advertising than proof. And by 1995 we were selling half a million radiators a year, increasing in 1999 to 900,000."

AND RETIREMENT?

"I am grateful to have a lot of friends, and after the political transformation of 1989, 23 years later, it has been wonderful to watch this change, to be part of the change. And thankfully, by the time I opened my company, the changes had already started, the atmosphere was different, possibilities were there at last.

"When I retire, I will pursue my hobbies," he says, "sports - I like biking, swimming and sailing in the lakes, skiing in Winter in Austria and Italy. But I like to read a lot, especially ancient history and archaeology, travel, and I collect old photographs, especially of Poland. Warsaw in particular." ■



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