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A Fertile BUSINESS

After overcoming bankruptcy in the early 2000s, Agropolychim has grown to be one of the largest producers of fertiliser in the Balkans, in part due to the leadership of CEO Philippe Rombaut.

Images courtesy of Agropolychim

Agropolychim is Bulgaria's, and indeed southwest Europe's, largest producer of fertiliser, and has been growing steadily over the past five years. This, however, was not always the case. When Philippe Rombaut began his tenure as co-CEO of the company, it was bankrupt, and in need of drastic restructuring to survive. Philippe, along with his partners, took on this challenge and managed to turn the company around and have its plants running at full speed again in only a couple of years. "We have made a tremendous improvement," Philippe says. "We started as a company in bankruptcy; now the 2014 results are in and we have over €260 million in turnover, and we had net profits of a little more than €25 million."

This turnaround required a lot of hard work and difficult restructuring of the company. Philippe had to cut costs drastically, including very large staff cuts, to ensure the company could continue. "In the beginning, our investments were really focused on reducing costs. We were really in crisis times. The challenge was survival, and we had to convince a bank to give us money. We had to make an organisation with the right people. We started here with 2,400 people and going into liquidation we fired 2,200. So we had just 200 to save the plant from being scrapped, and then when we started up again we hired back 800 people. But we had to find the right people."

Although it got off to a rocky start, Philippe firmly believes that Agropolychim is in the clear now

and is proud to have ensured the company survived at a time when the industry in Bulgaria was in flux. In the early 2000s, the Bulgarian agriculture industry faced a downturn, and this affected much of the fertiliser plants in the region, as their main customer base was local farmers. "As Agropolychim went through restructuring, the industry as a whole in the region also went through restructuring and few companies actually survived. In Bulgaria, and also in Romania and Serbia, the majority of the plants closed or actually will close down in the next few years." Even though Agropolychim is doing well, Philippe says he always keeps in mind the possibility of another crisis. "I think that we are in the safe zone. Agropolychim is in the safe zone now, but you should never forget that when you're >

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standing still you're actually going backwards. So we should not be complacent."

One thing Philippe believes ensured the success of the restructuring was his team, in particular his business partner and co-CEO. "We had a lot of issues with bureaucracy. Being a CEO of a company in evolution, in a country in evolution—basically, the CEO has a double job: one in the factory and one with administration. So luckily Agropolychim is a 50-50 partnership and I have a fantastic partner and we have fantastic younger managers. I started out with Vasil Alexandrov as my partner but a couple of years ago his son, Iskar Iskrov, took over the responsibilities from his father. I work as perfectly well with him as I did with his father, and the two families control the company on a 50-50 basis. The partnership is perfect—no other words, no buts, no ifs—it's perfect.

"The top management is also fantastic. Mr Berbenkov, for instance, was the first Bulgarian I hired when I arrived in Bulgaria in 1997 working for a copper smelter. He was very young, coming nearly straight from university, and when I moved to Agropolychim he also made the move with me. He is a co-CEO, together with Mr Iskrov and myself. When you are a CEO in Bulgaria, it's not really the same as being a CEO in Western Europe. We have other work related to administration, changing legislation, a company's rapid evolution, so the workload is very heavy. But we each have our sphere of concentration: production for Mr Berbenkov, investments for me, and commercial for Mr Iskrov. But the crucial thing is that information is completely transparent, and none of us are offended when another is making suggestions in the sphere

"It is very pleasant to be dealing with such capable and technically minded people. We have been very fortunate to be working with an esteemed company like Agropolychim and to be able to support them with our products." - Dr Matthias Ilhlow, General Manager, Magdeburger Industriearmatur-Manufaktur GmbH



"We are also very open with our employees and we share a lot of information, so the guys are really involved and they know what's going on, why we're sometimes upset, why the market isn't going so well—we want to share that information."

- Philippe Rombaut

in which we are concentrating; there is a genuine sense that we are all fighting to make the organisation better and everybody is equally accessible for the rest of the organisation. We are friends. And it helps us to make a long-term vision and to make investments where maybe the profitability is not immediately clear but which we have actually proven to be crucial for the company from a strategic and from a long-term point of view."

As well as being open with each other, Philippe believes that transparency and honesty are essential in leadership. He and his executive team are very open with all their staff and believe that this ensures they are more loyal and committed to the company. "I would describe my leadership style as open door and management by walking around. We are a family company, and the family is very present in the factory. We are not afraid to get our hands dirty. I get into the plants very regularly, a couple of times a week. We are also very open with our employees and we share a lot of information, so the guys are really involved and they

know what's going on, why we're sometimes upset, why the market isn't going so well—we want to share that information. And I think by involving them also, I would say, we can make them walk over water and walk through fire, because they know why."

Philippe believes that this openness also goes back to his time as a crisis manager for a company prior to coming to Agropolychim. "We've really opened doors, opened up communication, and I think it goes back to my former experience as a restructuring guy, like a crisis manager. In times of crisis, you realise that you cannot really handle things alone. You need to involve a lot of people, you need to have teamwork, and you need to make sure everybody is on board so that you can make decisions and you can make fast decisions. Hopefully not the wrong ones, but you know it's sometimes better to make fast decisions that are not completely correct than no decisions at all."

After the restructuring of the company, the next step was for the >

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company to reconnect with its customers and go on a marketing drive to inform the farmers they supply about new products. This proved a challenge because while Agropolychim was going well and had got past its financial problems, the rest of the industry had not. “We were a little bit naïve when we started. We restructured the company and said, ‘Okay, we’re going to educate the farmers also’. This was around 2000, 2001. We started introducing products and we made booklets but then very quickly we realised that the agricultural business as a whole was far from being restructured. Farmers were really not up to speed and there were more concerns about getting the right machines and actually surviving. However, now, after 15 years, the farmers have made serious improvements. We are very close now with them, trying to inform them not only about the new techniques related to fertiliser but also about a couple of other more simple stories. It’s really about

transferring whatever know-how that we read and see from France, Germany, and other places, and bringing it to our farmers and actually making sure that they get the best out of their soils.”

Agropolychim has also introduced innovative new ways to connect with its customers and show them how the products work. One of the ways it is doing this is by investing in its own small ‘test’ farm, so it can use the products and demonstrate their worth. “Farmers worldwide have the characteristic of being very conservative, but the farmer is also very jealous of what the neighbours are doing,” Philippe says. “That is why we are actually investing in a farm in the north west of Bulgaria, which is considered the most backwards area of Bulgaria. Last year, with the new techniques and the fertiliser applications that we have done, we achieved some quite good results. That’s on a field of 1,000 hectares, so not a small test field. And that, of course, gets the attention of the

farming community, and I think by using our farm as a test base and actually as a model farm, we will be able to bridge the gap which still exists between theory and practice, from apprehension against change towards action for improvement.”

Ensuring its customers are not only satisfied with its products, but genuinely excited and happy with the results they get, is also essential to Philippe and Agropolychim. Philippe believes that the happier the farmers are, the more likely they will create good PR for Agropolychim and increase its customer base further. “A delighted customer is different from a satisfied customer, because a delighted customer will make publicity for you. He’s going to call up his colleague and say, ‘Listen, these guys are very good’. A satisfied customer is just going to be happy; he’s not going to go the extra step and make publicity for you. The key is having a delighted customer, to under promise and over deliver, and when a problem occurs—and they always do—as a company, you have to be proactive in addressing them. You cannot just hide; you have to address them, try to solve them, be positive, look for solutions.”

Philippe is looking to continue growing Agropolychim, to strengthen its position in the region, and to continue to be the biggest fertiliser producer in Bulgaria. While more and more companies in Europe are outsourcing parts of their business, this is not on the cards for Agropolychim, which will stay Bulgarian owned and operated. “Bulgaria is a stable country, it has a 10 per cent tax rate, and we have gone through the exercise of looking abroad, doing regional investments, but in the end—that was five years ago—we decided we could do it better and cheaper with Agropolychim completely under our control.”

Philippe plans to increase Agropolychim’s capacity as well, focusing on its own production with some distribution of imported



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products on top of that. “To give you an idea, three years ago, we were importing and selling 30,000 tonnes of fertiliser products a year and we could package a maximum of 1,700 tonnes including our own production. Last year, we imported and packaged over 300,000 tonnes, so over 10 times more in three years, but also our packaging and distribution capacity went up from 1,700 tonnes to 5,000 tonnes per day. This gives us a lot of possibility to really push through more diverse fertilisers, which we can source from other countries. From a production point of view, we are now producing about 700,000 tonnes per year. Together with the 300,000 tonnes, this means last year we went over one million tonnes of products sold. We are launching some liquid NPK

fertilisers in autumn and we have some other ideas for the next year.”

In the end, Agropolychim has made it through its difficulties because of the passion and commitment Philippe and his team have shown. Philippe loves his job, and believes this is the key to his success. “It all starts with the organisation. A business can be exciting and profitable, or the industry can be profitable and exciting, but if the company that is in the industry is not working properly, it can only go bad. We sum up our values very simply in Agropolychim: make profits, share, and have fun. I think, and this is really important, you need to enjoy what you’re doing, because if you don’t enjoy what you’re doing you’re just wasting your time.”



SOL Group is headquartered in Monza, Italy, and is engaged in production, applied research, and distribution activities pertaining to industrial, pure, and medicinal gases, medical devices, home care, biotechnology and energy production from renewable sources.

SOL Group has secured production and commercial activities in Eastern Europe and the Black Sea area. In 2013 the group started the plant for production of pure and food-grade liquid carbon dioxide into Agropolychim fertiliser complex in Devnya, Bulgaria. Thanks to the excellent partnership and relationship with Agropolychim, SOL Group has just completed a successful new, modern, and efficient air separation plant to supply technical gases to the complex and to provide cryogenic liquids for bulk customers.

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