

MIROSLAV MIŠKOVIĆ

I, TYCOON

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I, TYCOON

I love track and field. I took it seriously when I was younger, I ran for the national youth team in the 100- and 200-meter events. School was not a priority for me; obsessed with running, I was finishing a specialized high school in economics in Kruševac, but I was still quite motivated to continue my education and enroll at the university. When I resolved to study economics, I decided to apply in a variety of places. I passed the entrance exam in Sarajevo, in Osijek they enrolled me at the Faculty of Economics as an athlete without the entrance exam, and in Belgrade I was number 310 on the list, while the Faculty only accepted three hundred freshmen. So they transferred me to their extension campus in Kragujevac. None other than Kragujevac, which was at the heart of track and field in Serbia at that time. I went to lectures from time to time, but I did my training with the greatest passion, twice a day. That is also why I regularly won. When I dedicate myself

to something, then I do so with one hundred percent of my energy. I do nothing else. All my life, my motto has been the same: either be the best at what you have chosen to do, or do not do it at all. At the time, I had one major goal: to be the European champion at the 100-meter sprint. In Volgograd, I beat the Olympic candidate of the Soviet Union, a great power in track and field, and I achieved a top result for that time—10.7 seconds at 100 meters on clay. The world was mine.

To succeed in life, it is not enough just to, from early childhood, get up before six, to work at full strength and with passion all day, and to go to bed at ten. You have to have some luck as well. And I got lucky: I suffered a bad injury, I tore my hamstring. Thus, I ended my career as a sprinter. If I had gone on with it, I would not have gotten an education; I would have won medals for several years, and after that—I probably would have been selling score cards at the local bingo parlor. I probably would have done some sort of small business, “made ends meet”, but then *Delta* would never have existed. I would not know all of the miracles of business. Perhaps someone else would have founded their own *Maxi* and turned it into a billion Euro business. The word *tycoon* would have been introduced into the Serbian language because of someone else. And I would not have ended up in prison, kidnappers would have searched for a different victim, politicians would have dealt with other people...

Wednesday, December 12, 2012, 6 a.m.

It is my custom to get up early and start thinking about business while I'm still shaving. I don't like to waste time. But that morning, the only thing on my mind was the announcement that the police were coming for me. They were to arrest me. They rang the doorbell at exactly 6:30. I was waiting for them, shaven and properly attired, as if I were going to work. In front of the house, there was a police van, and around it were several officers of the Administration for the Criminal police in plainclothes. The press cameras were also there. I got in the van and it headed to the main offices of the police, in the building of the former Federal Executive Committee, where the procedural formalities were to be carried out.

A few days before the arrest, twenty-odd people from the management of *Delta* gathered for lunch at the *Privrednik (Business Men's) Club*. They wanted to hear from me that everything would be all right, and that

the rumors of my arrest were just the worst form of gossip. It was actually my daughter, Ivana, in her role as the director of the *Delta Foundation*, who asked for the floor at this meeting and said that the people at *Delta* were afraid, and that is why those rumors should be talked about. This approach made me angry. I told them they didn't dare take local gossip so seriously and reprimanded her in front of everyone because of that. Even though I myself was worried, and I believed that there was some truth in the rumors that were coming in from all sides, I didn't want to allow the people running *Delta* to be under too much pressure.

Two days before the arrest, I was called on the phone by Marija Desivojević Cvetković, the vice-president of *Delta* for strategy and development. A friend of hers had called her and told her that "Mišković will be arrested in the next three days." And Marija called me that same evening. It was not an everyday call, because my staff never calls me in the evening. Her question sounded especially unusual, "Could you come over to my place so that we can watch the Champions League?" Marija lives near me, one hundred meters or so away, but she knows that I don't watch Champions League matches with my employees. I realized that she was pretending, that she was taking precautions in case someone was listening in on our conversation. "I'll be right over," I said and was at her place a few minutes later. She told me that it was all over, that I was sure to be arrested, and that she was just thinking about what day would be the most suitable to announce it to the media. The

news was sure to be a headline. Even then I was still not convinced of what Marija's friend had said. I told her, "Please don't worry, that simply can't happen." Of course, as the van drove me to the offices of the police, it was clear that things weren't going in the right direction. A few days earlier, my son Marko had been sent back from the airport. They stopped him from traveling to London, even though they didn't have a court order or a legal basis. I called my friend, Tomislav Nikolić, who was president of Serbia at the time. Surprised and very angry, he told me not to worry because the law simply had to be on my side. But he did nothing. That was our last conversation. I began to understand the terrifying message the government was sending me.

I always advised people around me to do business according to the law, to respect and aid the country where they were working, just as a politician in power should respect successful businessmen and cooperate with them. As early as 2004, I said publicly: maybe our government wished it had Bill Gates, but they don't—they have us, Serbian businessmen. And perhaps we would like to have a better government, but we don't. I also said then that "we should give credence to the government, pay our taxes on time, but at the same time I would ask the government to pay more attention to the words of businessmen, because without the hard work of commerce, there will be none of the advances about which I have spoken." Unfortunately, they didn't listen to me. Not only then, but in many other similar situations.

I was not asking, either then or later, for the government to offer protection for businessmen, but I believed that they should absorb the knowledge and experience of businessmen and good managers, and to apply those findings to the administration of the country. Knowledge is the most valuable merchandise. When I tore my hamstring as a young sprinter, what was it that I could dedicate myself to after the downfall of my career in athletics? I began to study seriously. I went to the lectures of the best professors of the time from Belgrade, Zagreb, and Ljubljana. Among them were great names, like Tihomir Vlaškalić, Ljubiša Adamović, Kupa Davidović, and Vojislav Kolarić. And knowing that I could leave one of my exams for the next year, like a real “crammer”, I sat myself down, prepared for all my exams, and passed all of them. So, in 1966 I was twenty-one years old, had a desire to succeed and a little bit of money I’d earned from running track and—my friend Milan Spasojević, my future best man. Milan and I agreed to start our first private business together. We worked as young men will, courageously, with a lot of heart and not much knowledge. We bought a popcorn maker! That wasn’t enough for us, so we hired a female employee. It seemed we had everything, but we didn’t have the most important thing: we didn’t know how to do the job! We wanted to sell merchandise, and it never crossed our minds that location is perhaps somehow related to the success of such a business. We didn’t even try to find a connection in the municipality’s administration, and we were given some sort of remote spot

behind the Student Dormitory. Anyone with the slightest experience would tell you today that nothing can be sold in that place. But we didn't give up. Seeing that the location wasn't right, we decided to buy one more machine. And so we failed even more quickly. We lost the money we'd invested, trying helter-skelter to re-sell the hardly used machines. That was the first business I started, and it ended in catastrophe. Twenty-five years after this failure, Milan and I founded *Delta*.

A first-time failure should not discourage anyone. One goes on, and as young as I was, I kept soaking in the world around me. I wanted to travel and make money. The borders were open, we could feel the proximity of the West. With another friend, a colleague at the faculty, Ratko Buđevac, I agreed to travel to Trieste, at the time a legendary city full of low-priced western goods, which could not be bought legally in Yugoslavia. We were especially attracted by the idea of selling makeup: eye-shadow, mascara, lipstick—they were all relatively easy to bring from Italy, and in the companies, administration, and student dormitory in Kragujevac, they were sure to sell well. I was in the fourth year of my studies when we started bringing in makeup. While it was important for us to obtain good and low-priced goods, it was just as important that we got some nice clothes for ourselves, especially beautiful, Italian-made shoes. In those days, a young man in jeans and shoes from Trieste was a real man-about-town. Once in a while in Trieste, we would split up, each buying things for himself, and then we would meet later for lunch.

It was important for me, as it is today, to get an orientation, to know whether I did the right thing or not. I don't like to lose. I openly asked Ratko how much he paid for his shoes. Twelve thousand liras. My jaw dropped. I had paid thirty thousand liras for mine! I was angry, I demanded that he take me to the store where he found low-priced shoes which were even shinier than mine, but he refused. It seemed that I had gotten the worse deal in this game. We returned to Kragujevac and started attending lectures. Each in his new shoes. But it started raining, and Ratko almost ended up barefoot: his super-cheap shoes were—made of cardboard. They were disposable shoes, a common requisite in funeral attire. The game ended in my favor after all, and the sight of his decomposing shoes is one of those you never forget. I admit that I vaunted it over him, not so much because of the *victory*—the sum in question was quite small—but more because of my friend's stubbornness and persistent refusal to show me where those glorious shoes had been bought.

I certainly knew what a proper shoe was. My father, Đorđe, was a shoemaker. He taught me the trade, I helped him in his workshop and that's how I earned my first allowances. He was very strict, and he held to the rule that effort was not rewarded, but rather only the results. Very early on, I learned that hard work has no value if a concrete result is not achieved. That's a principle in life. I had to cut the leather to within a micrometer, to stitch on the soul, to tack on and glue the heel so that not even a hammer could knock it off.

He gave me precise instructions, but I learned most by observing him as he worked. He was never satisfied. He explained to me how to make a ballet slipper, I did everything he said, he frowned, my work was no good. I made a second slipper, again he said it was no good. And he even started shouting. I couldn't listen to his griping anymore, so I asked him to make a ballet slipper as it should be, as a model. I started making mine after the one he'd made, and then took him the completed work for evaluation—the very ballet slipper he had made! “This thing is no good,” he said. “It's no good, but I didn't make it, you did!” I answered. He was ready to kill me. Luckily, I was fast out of the blocks as a sprinter. Even though my mother, Vera, protected me and was always on my side, this time I lingered outside the workshop for days, I didn't dare go in. But I wanted to—without working in the shop, I could only dream of getting my allowance.

Many years later, I was to open up my first line of credit in a Trieste bank, a truly important moment in my entire business career. But at the time, as a young man, I was still enjoying looking around in Trieste's stores, shop windows, and the stands at the famous market, the Ponte Rosso Piazza. So many people, so much merchandise, the babbling, and bartering. I never allowed passion and impatience to overcome me, to buy what I wanted right off the bat. I checked the quality, compared the prices, took account of who sold what, where, and how. I paid special attention to the sellers, watching how they made deals. My father also taught

me how to sell shoes, not just how to make them. He took me to many bazaars. He did that, as we say, to *toughen me up*. We would open up the stand, set out the shoes, arrange the shelves, and my father marked down the price and told me to what limits I dared to barter. A customer approaches, chooses some shoes, and asks how much they cost. I memorized prices easily, so I immediately say, “45 dinars”. As soon as I say the price, the buyer steps back, it’s too expensive for him, I immediately call out 40 dinars and sell him the shoes. But my father says, “Wait.” He explains to me, “Between 45 and 40, you have 44, 43, 42 and 41—and only then do you offer 40.” He also taught me to please the customer, “Look, I’ll give them to you for 40, but don’t tell anyone about it.” That’s how I got my first experience in trade, in working with customers. In the 1960s in Trieste and later during my entire career, I applied that truly old skill which opens up negotiating the change of prices. But business is not simple trade. Far from it.

The profits from selling makeup were quite attractive. The business was going well, and we spent some money in Trieste to at least briefly stave off the downfall of the West—which, with deadly seriousness, was announced even by some of the renowned professors of the Faculty of Economics. We were making good money for that time. But what do you do when you earn your first “serious” money? You buy a car. My partner and I were so serious that we immediately bought two. Two identical models at that: Opel Olympia. We were

aware that the Olympia was not such a recent model, and that it had the reputation for breaking down often. And where in Kragujevac, in the 1960s, could you find spare parts for an Opel? That's why we bought two: one to drive, and when it quit working, we could take the parts from the other and repair it. That was our first case of strategic planning.

The makeup business was bringing in good profits, but it could not last for long. My partnership with Ratko ended on friendly terms. We divided up the "capital" so that Buđevac got the money, and I took over the remaining merchandise and both cars. I drove the Olympia for a little while longer, then parked it at my dad's place, and from his yard it was later moved to the junkyard. Ratko, who finished his studies before me, went off down the path that all graduates took at that time—he started looking for "a real job". Soon after, I also graduated, and it was time to turn an important new page in life.

At the end of the 1960s, whoever finished their studies did not wonder if they would find a job, but rather where they would find it. You could get a job wherever you wanted, you just knocked on the door of the company you had chosen. You only had to pick a good company and at twenty-something you had already taken a starting position which would determine the rest of your life.

My decision was to look for a job in Kruševac, in the same area where my parents lived. Good advice comes when you least expect it—and it comes from

people from whom you don't anticipate it: so it was that one of my father's friends taught me a lesson I remembered my whole life through. "Young people want their jobs to be easy and laid-back. Don't do that, look for a company where things are orderly, where there's strict discipline, there you'll learn how to do the job..." Not only did I listen to him, but this would later be the foundation upon which I would build my own company. Clear workplace rules, punctuality in arriving at work and holding meetings, a strict hierarchy, dress codes which applied to everyone... those are things I immediately implemented at *Delta*, and though they may seem like insignificant details, such things made us stand out from the other Serbian companies from the very start.

For my first job in 1971, I chose one of the best companies—*Jugobanka*. Like all other young people who graduate and go straight to work, at that moment I had no functional knowledge of banking or finance. How then was I to find my way at a company that was so important even in the European network? Created specifically for foreign trade transactions, *Jugobanka* operated according to western European standards—which also meant its relationship to personnel. Fifty years ago, *Jugobanka*—like *Delta* today as well, like all other great companies at any time—was successful because it built up its employees and motivated them to work. If a highly developed business system is in place, it will not leave beginners alone to face problems they cannot solve, thereby losing their self-confidence

and their love of the job. To the contrary, such serious companies will invest in young people, in beginners, whose job it is to listen, learn, and work. That's the path I followed at *Jugobanka*, that is the path *Delta Holding* has been opening up for young people for almost three decades now.

I started off as a trainee, as a junior staff member, then as adviser, and finally as a senior staff member. For two years, I learned and worked passionately, because I was dealing with practical issues. With cash flow. A different sort of money, big money—that doesn't rustle, which you don't touch, and it doesn't slip through your fingers like the German marks or Italian lira I used for trading in Trieste. This was the flow of serious money. And then, in 1973, I was sent to do my specialization in Dubrovnik, at the behest of the Kruševac branch of *Jugobanka*. This was one of the greatest schools in my life, because in Dubrovnik I realized one of the most important of life's wisdoms: I realized how much I didn't know about any of that.

My specialization was related to foreign currency bank transactions, and I was working on it in the highest quality school that existed. I spent eight months in Dubrovnik, listening to the lectures of *Jugobanka's* best experts. Before that, I didn't have a good understanding of how to make payments abroad, how to obtain goods from an unknown buyer, how banks did business with each other, what a line of credit was... There, I gathered the fundamental knowledge that I use even today in business. When they ask me sometimes what

my specialization is, my answer is *finance*. I spent my days in Dubrovnik listening to lectures and studying, and my evenings in the company of Đela Jusić and with Ivo Rudenjak in his renowned restaurant, *Ragusa*.

Business is founded on knowledge, it is necessary, but it's not enough to achieve success. Business is developed through communication. People meet, recognize each other, grow closer or more distant, influence each other. You need to be among them, among the right people. There is no school that can teach you how to behave in your surroundings, so it is important that you observe, adopt the manners, learn the etiquette, but it is equally important that you be yourself, that you retain your integrity. At the final dinner in Dubrovnik, I met Božidar Linhart, the director general of *Jugobanka*. He was a living legend of banking, a man with a significant European reputation. He turned to me that evening and said, "Mr. Mišković, we have decided that you will go to our bank in Frankfurt. You will continue your education there, you'll work there, because you are the future of *Jugobanka*." But I refused his offer! How dare someone refuse such an offer from Božidar Linhart? If I had accepted it, today our industry would probably look a little different. I was not being a visionary in my reaction, it was the result of a lack of knowledge, a feeling of self-certainty and—love. I told the legendary Boža Linhart that I had a girlfriend. He would have been less confused if I had told him that I had misappropriated a billion German marks. I did not tell him that my wife Ljiljana and I were expecting our first child. That

was my personal business. One of the most capable European bankers was trying to convince me that, in Frankfurt, I would have a lot of money, that I would obtain a lot of knowledge, that it would be good for my girlfriend as well... He gave me some time to think about it, but I was too tightly bound to my stronghold at that time.

I returned from Dubrovnik, got promoted quickly, and became the director of the foreign currency department of *Jugobanka* in Kruševac. I soon began to feel restless. After all, that was just a clerking position, uninteresting, and I realized that there was no advancement in it, and that I had somehow already surpassed its demands.

I wanted to prove myself in industry. I got a job at *Trayal*—and then quit after seventeen days. It was immediately clear to me that the company was not for me. Perhaps other people would have put up more patiently with the bad environment; in those days, people took a job literally once in their lives, in a publicly owned company, believing that they would retire from it one day. Already in 1977, I went over to *Župa*, a plant in the chemical industry, in the position of financial director, at the invitation from the renowned director Milutin Tasić. He was a true member of the old guard of the socialist cadre. Bearer of the Commemorative Medal of the Partisans, but also a prisoner on Goli otok. An exceptional man, from whom I learned a lot about the structure of management, about leadership, about how a director should behave (especially in communication

with workers), and even about how one should dress. I realized that between the polished shoes of the director and a successful business there was a direct correlation. All advice was precious to a young man just getting into business, and I was burning with desire to prove myself as the financial director. I got an office which looked to me like something a person can only dream of, and at the first instant I wondered whether I would be lucky enough to remain in it until retirement.

In those days, *Župa* was a moderately successful company. It was a large plant for chemical products, specialized in the production of pesticides, xanthates, potassium compounds, and additives for fodder. The equipment was growing old and outdated, and just before my arrival, new things had been bought. Unfortunately, that equipment was inappropriate, and a large depreciation had already begun on it. This created an accounting problem and, if the production expenses included the actual depreciation, the entire enterprise would suffer losses. I had the difficult job of creating a calculation which would turn a profit. The only thing I could do was to approach the problem from the administrative perspective of the full amounts rather than the smaller ones. It was key that I recognized a path to a solution, and for expertise I got counselors involved. I dedicated my first business trip just to solving that problem. My experts did their jobs, a model was found for the progressive calculation of depreciation, and *Župa* managed to pull through. Soon after, Tasić handed management over to me, and I began running

the plant *de facto*, although I was appointed the general director officially at a later date, in 1982.

I became one of the youngest directors general in the history of Yugoslav industry. It was a time when no one could become a general director without the permission of the Party, and that was also true in my case. However, it wasn't difficult for them to support me, because I had produced results: I revived a factory which became a business model for all of Yugoslavia.

The League of Communists at that time, via the party committees in the municipalities, appointed all the leadership positions, along with the directors in industry. However, to be honest, it must be said that, in appointing directors there was a certain codex, that charlatans and ignoramuses couldn't so easily reach places where important business decision were being made. You had to have a biography, education, concrete abilities, simply stated—there were rules. Precisely when I entered the circle of business leaders, Kruševac had an entire constellation of serious, experienced businessmen. Among them were older lionized directors: Vlasta Jovanović at *Rubin*, Gvozden Anđelković at *Jugobanka*, Čedomir Marković at *Trayal*, Desimir Jevtić at *14. oktobar*, Hristivoje Milošević at *Merima*, all led by the exceptionally respected municipality president, Radomir Mičić. As the youngest, they took me into their fellowship quite happily and openly. As a director-beginner, I especially looked up to Radoslav Sekulić at *Javor* garments in Ivanjica and Ljubica Tomić at *Petrohemije* in Pančevo, and without a dilemma my

greatest model was Dragan Tomić at *Simpo*. However, the hierarchy was different in those days, the respect for one's elders, and because of that I couldn't even think of approaching Tomić.

Soon after, I also became one of the youngest members of the credit council of *Ljubljanska banka* in Belgrade, and later I was its president.

While a member of this board, I met the director of Smederevo's *Godomin*, a man everyone called Vita Bik. We enjoyed his stories about how earlier, in the '70s, he contrived to develop such a large agricultural holding. He had trouble getting credit for production, and the functionaries of the League of Communists had the ultimate say about bank loans. Searching for a line of credit, Vita just barely managed to make an appointment with no more, no less than Stane Dolanc, one of the highest party officials in the SFRY. Vita retold later the story of how the conversation went, all somehow forced, *a lot of beating around the bush*. Vita was sweating, cracking his knuckles, and Dolanc noticed that he was somehow taken aback. "Have you got some sort of problem?" he asked. Vita was hesitant, now it's nothing, he just dropped by to have coffee with his party secretary. Of course, neither then nor now does one just drop by to have coffee with the party secretary, so Vita opened up his soul. Some sort of vermin, he said, were spreading all over *Godomin*, some sort of deer and rabbits, and they're chewing up the fruit trees in the orchards and now he's trying to find a way to exterminate them so that they don't damage the crops.