



**Amrop**

# Context Matters



ENERGY & FACILITY MANAGEMENT

## Interview

Peter Strýček, Chairman of the Board of  
Directors, Cofely, Eastern Europe

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“If you want to be a part of the game and you don't want to be sitting on a bench, you have to fight for it.” Peter Strýček

Peter Strýček studied at the Faculty of Civil Engineering of the Slovak University of Technology in Bratislava and started working as an assistant at the Department of Building Structures immediately after graduation. He joined Johnson Controls International in 1993, founding the Slovak Division and subsequently spending several years as Country Manager.

In 2005, he became a Director and co-owner of Prvá ružinovská spoločnosť, which he turned along with two other companies, based on his vision, into the holding company Hetech Services.

The company quickly became the acquisition target of strong international players. In 2009, the holding company, now known as Cofely, became part of the transnational energy giant GDF Suez and Peter Strýček as a General Manager expanded his activities also to the Czech Republic and Russia.

Mario Fondati, Partner at Amrop, interviews him about his career to date, current work and future challenges.

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## Market

**Amrop:** How would you describe the current situation in the heating industry and facility management? How does the situation in Slovakia compare with that in other European countries?

**Peter Strýček:** The situation of the heat sector in Slovakia doesn't differ from other European economies. In most cases there is strict regulation, with perhaps the exception of the Czech Republic. In July, a new regulation was adopted in Slovakia which tightened regulatory conditions for companies operating in the sector. Nevertheless, we can still say that the heating industry is a quite stable business that will remain stable as winter follows the fall.

**Amrop:** What impact is regulation having on companies?

**Peter Strýček:** The pressure on regulated entities is to keep the price that consumers have to pay as low as possible – regardless of the costs and variable prices of raw materials. This is forcing many companies to cut down on their investment in further development and innovation. Some of the largest will still invest, even if it lowers their profit. They are aware of the fact that not investing in energy sector doesn't pay off. Small companies, however, with only one heat facility, often can't afford to spend money on modernization. This can result in outdated and underperforming technologies.

**Amrop:** Your second core activity is facility management. Is the Slovak market seeking to follow the development of other European economies?

**Peter Strýček:** The situation regarding facility management is similar across Europe. The majority of investors are pushing prices as low as possible to win the battle for the customer. This point of view is typical of less mature investors or those whose differentiate on price. Our company is trying to differentiate from its competition by providing added value for our clients. We have invested in software that is able to identify problems and provide very swift online solutions. It also provides the customer with a complete overview of what is going on in their premises. If we operate a bank with its headquarters in Bratislava, we have online connections with all its branches and a responsible manager knows immediately about the finest points of operations, down to the operational and invoicing details of the replacement of a light bulb in Svidník (Eastern

Slovakia). We are a step ahead but we must avoid complacency, because the market always follows its leader.

**Amrop:** What trends do you anticipate regarding the development of facility management in the near future?

**Peter Strýček:** The trend is clearly moving towards energy consultancy. Along with facility management we also strive to help the client achieve cost savings based on a series of analyses and projects. This has considerable validity, since cost optimization and the deployment of renewable resources are cornerstones of modern facility management. This is a potentially effective strategy, since the market is more or less saturated and therefore we can't expect significant growth in order numbers. There are many companies in Slovakia able to provide a client with a team that can take good professional care of their buildings. However, what will count more and more will be the relationship between a customer and a supplier, together with advice on what to do to save more money on energy whilst preserving buildings in a sufficiently good condition that investment can be offset to later. Yet telling the future of the energy industry is like reading from a crystal ball and still, I believe that energy services are the future. Although the sector is under pressure, it is very dynamic. Technologies that were considered pure science fiction few years ago are commonly used today.

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**Amrop:** How are we doing with the introduction of the latest technologies in Slovakia?

**Peter Strýček:** I don't think that we are unable to keep pace with the developed world. The problem is one of financing. Some of the municipalities are not in the best financial shape especially when it comes to the public sector. Therefore I think development will go towards outsourcing and performance contracting where one entity invests in a project renovation, better management or modernization and agrees on payments from savings with the second entity for a certain period of time. This is certainly the right way forward. By the way, a typical instance of misconception arises when a municipality thinks that it best positioned and equipped to take autonomous care of its heating management. Today, many mayors have realized that it is necessary to invest in this area as well. And it is fair to suggest that companies, for which this sector is the key activity, will invest the money better than municipality representatives. The same trend will be dominant in the light supply sector– municipalities are paying high bills. Whilst the solution of switching off every second lamp, leaving the building bereft of lighting throughout the whole night may seem logical, there are better ones. For example it is now possible to leave every lamp switched on all night for lower costs. We need to help municipal representatives understand that.

Amrop: Does it mean that the public sector is dominated by political appointees who lack understanding of business?

Peter Strýček: With municipal elections coming up next year, they are beginning to understand better, even though many municipalities are in poor financial condition. However, if someone comes up with a clear concept of savings, most mayors respect that.

## Company

Amrop: What made you start a business in a sector where you have been working for many years now? What keeps you in that business?

Peter Strýček: I studied at the Faculty of Civil Engineering of the Slovak University of Technology in Bratislava. I was interested in the energy sector and I really believed in it. Like many other students, I was not sure of the direction in which I would take my career but I knew I wanted to work in the energy business. As I have already mentioned, I have always wanted to work in that sector and I remember as if it was yesterday how I was explaining to my parents that energy has a future because people will always have to use heat and light. And I am still enjoying it. Moreover I really like the concept of GDF Suez. It is a huge corporation with a vast range of activities in the energy business.



Cofely is the European leader in energy efficiency services, in complex property management and is the leading privately owned thermal power producer in Slovakia. The company implements solutions for the private and public sector to contribute to the efficient use of energy with an aim of reducing its environmental impact. Services span the entire life cycle of real estate – from analysis, technical and energy audits, design, engineering, installation of heating technologies, air-conditioning, cooling systems, electrical infrastructure, or energy supply and management to comprehensive management and operation of facilities and technologies, as well as solutions for property reconstruction and renovation.

Cofely is a part of global energy group GDF SUEZ with a 150-year-long history, more specifically its individual business branch – Energy Services. It employs 78,000 people in 30 countries with 14.7 billion EUR in annual revenue. It serves 130,000 clients. The brand Cofely emerged as the fusion of the names of the two most powerful companies in the energy services in Europe – Cofathec and Elyo. The heart of the business became energy efficiency to meet the challenges of sustainable use of energy while respecting the environment.

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**Amrop:** You were at the birth of a holding company Hetech Services, which expanded relatively rapidly and gained immense influence not only in the Slovak market. How do you recall this period of your career?

**Peter Strýček:** When I was leaving Johnson Controls in 2005, many people including my closest friends and relatives thought that it was a mistake. I left an international company for Prvá ružinovská spoločnosť – one that was located in an old unreconstructed building with all the typical rules including a bell next to my office that seemed to be saying: Do not enter!. However, well established I felt in the Slovak subsidiary of Johnson Controls, gradually I came to the point when I realized it was time to move out of my comfort zone. Shortly after I received an offer from a friend, who owned three companies – one of which was focusing on property management and two on the heating industry. After negotiations we reached the agreement of the other shareholders and I became overnight the second biggest shareholder in these three companies. I received a very appealing offer.

**Amrop:** In an interview, one of the reasons you gave for resigning the managing position in an international corporation was to have greater freedom in doing business. How did these ideas develop?

**Peter Strýček:** The beginning was really difficult. While working at Johnson Control I used to hire people almost on weekly basis meanwhile at my new job I had to lay off about seventy people within the first two months. Compared to the processes and standards that were common in the American company, this was a fundamental difference. After getting through this harsh beginning, I began to enjoy myself. One of the first steps was to hire a new financial manager and we were drawing our next steps on a board in my office every single day. We worked long hours but I could see what we had achieved at the end of every day. After the first restructuring steps, we began to develop the company, our key business was growing and we started to win our first facility management projects. We got rid of non perspective activities, brought the activities of related companies under one roof and step by step implemented the idea of bringing added value as a key to success. I joined the company in 2005

and as early as 2008 we decided to sell it as holding company Hetech Services because of its success.

**Amrop:** Was selling your initiative or was it an effort of an investor to find a company through which to enter the Slovak market?

**Peter Strýček:** No, it was an initiative of our key shareholder. I have to say that among all shareholders I was the only one against it. One of the reasons to leave Johnson Controls was to the desire to be an independent entrepreneur and for a moment it looked as if this was not going to happen. I have to admit that my colleague was good at foreseeing and was a few steps ahead of others. Even then he assumed correctly that it would not be easy to perform in the energy sector without a strong partner – although we were the only Slovak group that fairly quickly achieved revenue of one billion SKK (EUR 33 Mio.). As the only executive shareholder I managed to gain a right to veto, which I also applied while negotiating with an Austrian company. We were offered a minor stake but I could see that this company would not help the quality of the business. More or less by chance we almost immediately met the representatives of the multinational energy giant GDF Suez. Their Acquisition Manager proposed a scheme to further develop facility management, which was almost identical to the one I had previously proposed. I knew instantly that this was our cup of tea and a suitable partner for us.

**Amrop:** Sometimes managers decide to leave for a new opportunity after such a big career turning point. What was the biggest challenge for you when you decided to accept your current position?

**Peter Strýček:** We were on the same page with the representatives of the GDF Suez corporation not only from a business point of view but personally. The new owner bought one hundred percent of shares, defined a strong sales model including result-linked bonus payments and I gained the contract to act as General Manager for Slovakia until 2012. GDF Suez is operated on decentralized basis and the Board of Directors trusts me enough to give me full independence in my work. As far as acquisitions are concerned, it is much better than when I used to be a private owner. Regarding expansion, we have a full support of the group and our French colleagues trust us to such an extent – also based on our results – that they understand that they don't have to help us a lot. They seem to be very satisfied with the Slovak concept and its success. The advantage of our portfolio composition paid off especially



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during the crisis when we managed to grow by 3 - 4 %. Within the group, our achievement stands for a real success story although Slovakia is a comparatively tiny country. The president of our division has mentioned several times that GDF Suez entered the Slovak market by buying Hetech in 2009 and we were number two in the energy business by 2012. Our biggest competitor has been in the market for 20 years and is making 5-10 % more in turnover. The fact that we caught up with our competition amazed them.

**Amrop:** How was the integration into the GDF Suez structure made? What do you consider to be surprisingly easy and what brought the biggest problems?

**Peter Strýček:** It was really easy and problem-free because within a year, when the Monopolies office of the Slovak Republic was examining our contract, we were operating as GDF Suez. I was in any case familiar with the internal regulations and process adjustment from Johnson Controls, although it has to be said that the French see things differently from Americans. The structure of our company – one in whose creation and implementation I was highly involved, remained untouched. The new owner recognized that our system was better suited to us. Here it should be mentioned that the group GDF Suez is a considerable one and that it frequently acquires new companies in different parts of the world. The group is noted for providing relative freedom based on a respect of local affairs.

**Amrop:** Let's talk about the Slovak, Czech, Polish and Russian markets which you are more familiar with. What would be the main differences?

**Peter Strýček:** Let's take the Czech Republic as an example. Almost every village there has a factory which by itself is unique. Maybe the western part of Slovakia is about the same but the rest of the country is agricultural which is a great drawback for development. The Czech market is bigger – not twice the size as we could assume based on the area and population – but considerably bigger. A difference also lies in the fact that the pressure to reduce costs was greater in the Czech Republic than in Slovakia at the time of the onset of the crisis. In some cases, the pursuit of the lowest possible prices was intense, but sophisticated investors are already hungry for quality, which is an excellent trend for us. I find it difficult to compare Russia with another market.



## Human Capital

**Amrop:** What impact does the current and expected development of the market have on human capital in your company? What are the challenges you have to cope with in this area?

**Peter Strýček:** I often say to my employees that the only thing that sells is people. People are the only asset we have. Heat is easy to produce and only people can make the difference. Therefore people are our corner stone. We are only selling the performance of people whether in Slovakia, the Czech Republic, Russia or Poland. That's why everything should be focused on them. In reality this all means that we place great emphasis on the quality of the people we select. My sense is that my staff feels the same way and this principle is also a part of the general group strategy.

**Amrop:** You talk about extreme emphasis on the selection of top quality people. What requirements are dominant in the profiles?

**Peter Strýček:** It is essential that every person that we hire knows who the clients are, what they need and how we should treat them. In our business we want to attend to our client day and night. The services we are offering are without any doubt price-sensitive but also about who brings human added value. A fan-coil inspection can be performed by anybody. The difference lies in who comes to fix the fan-coil, how the problem is solved to the satisfaction of the client, even better if the client did not even notice that there was a problem with the fan-coil. A proactive attitude and client orientation are our keys.

Heat supply is a natural monopoly but we are not looking at it from this perspective. Even the smallest household without heat is valued the same as any big client. Speaking of further requirements, professionalism and a sparkle in the eyes are a must. I have to see interest and a can-do attitude. It also matters if a candidate smiles at least once during an interview. I have created my own criteria. Maybe these aren't the ones you would find described in the management literature, which I respect, but I think that the fact that I have had some people working for me for over 20 years proves the point.

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**Amrop:** How different are managers in your current team from managers that you were working with few years ago? How are their challenges changing?

**Peter Strýček:** Certain key people have been working with me from the beginning which means we have all been in business for about twenty years. Let me start with the closest ones – the General Manager for Slovakia, the Sales Director, the Facility Management Manager, the Head of our Košice Branch and many people from middle management. These people were all building Johnson Controls together with me and later Hetech Services and Cofely. Interpersonal trust is our great advantage. Some of the managers, however, had difficulties adapting to the open

system of communication. I myself have the door of my office open for 90 % of the time. Everyone can reach everyone in our company. I have never been keen on the concept of reaching the Director through six of his assistants.

**Amrop:** Do companies in your business use external services for solving personnel issues?

**Peter Strýček:** Of course we do, for example for the integration of corporate cultures post-acquisition, team building, executive skill development and so on. I don't want to give up on process adjustments and organizational structure. I am currently deployed in the consolidations of our company in the Czech Republic. Although I don't like driving a highway to Prague, I like this job and I am experiencing a sense of déjà vu in what I was doing many years ago in Bratislava. I am drawing up new strategies and that is the source of my energy. I am not saying that I can't make a mistake but I want to build my vision this time as well.

**Amrop:** Are there still issues at your profession and work that can surprise you?

**Peter Strýček:** Of course, there is always something that can surprise you. Life is not black and white. I think life would be really boring without the unexpected!

## Personal Career

**Amrop:** You managed to build a business that was a part of a multinational corporation, after that you developed the Slovak company and then you went back to a multinational corporation. What challenges are ahead of you?

**Peter Strýček:** I am a man who needs to be in the field. If for some reason I had to move to work to our headquarters I would resign because it is not something I want to be a part of. My challenge now is to succeed on the Russian market. There are some problems I will have to face in the Czech Republic but I know I can manage these because it is a matter of current executives and working drive. Entering the Polish market should not be a problem and the Slovak market is doing very well. The huge Russian market

is the biggest challenge we face. I have recently been having many discussions with people who either did or didn't succeed on the Russian market. Normally you need twelve months to launch a business but you need at least two years to start a business in Russia. We have just passed 10 months and we already made our first steps. My idea is to achieve more dynamic growth because it could be a great stimulus for further development of all the countries that I am responsible for. Russia is ripe for development so that in respect of the central heating system it feels like an infinite space. Take for example the fact that Moscow has just as many inhabitants as the former Czechoslovakia... It's just a huge challenge.

**Amrop:** Which knowledge gained throughout your career do you consider the most fundamental?

**Peter Strýček:** The most important is to have the right people beside you. It is essential in any business, not only in ours. Our president, who is over 60 and has the legendary charm of the French, says that people have to be able to laugh while being at work. If this doesn't apply, something is wrong. Life is too short. You hardly see anybody frowning or trying to hide from a colleague at our company. I don't understand why any company would cultivate such behavior because we all have the same target – to fulfill the plan, achieve success and win a tender. It's all about people.

**Amrop:** When offered a management position with responsibility for the development of four countries, did you consider for a moment slowing down a little bit?

**Peter Strýček:** Even my wife asked me why I had accepted the responsibility for Eastern Europe since I am almost never at home. It is true that it was not my goal and I had a different idea about my future. I had built a house and I was looking forward to enjoying it a little more, however, if someone treats me as politely as the management of our corporation, you can't be impolite! I couldn't say no because they are very fair to me. As long as there are these people in my entourage and I am enjoying the work, I do not even consider changing. However, if I ever get to the point where just looking at my suit makes me feel slightly nauseous, I will deal with it immediately.

**Amrop:** Is there anything that holds you back in your work?

**Peter Strýček:** Administrative work. I dislike it but I have managed to transfer it to people who, on the contrary, relish this type of work and who are excellent at it. I prefer to focus on doing what I am good at and I leave to others everything I am weak at.

**Amrop:** Do you have time for some personal life given the intensity of your working pace?

**Peter Strýček:** Family is very important to me. Moreover I find sport a great way of achieving mental and physical balance. I am a former active sportsman and thanks to sports I also know that you need teamwork to achieve things. If my people feel that I trust them it reflects not only in a very positive working atmosphere but also in performance. If I didn't trust people, I would only have seven employees today. To have something besides work is very important. I like people who mention some information about their personal hobby in their resume, not necessarily sports (even though sport helps business a lot). If you want to be a part of the game and you don't want to be sitting on a bench, you have to fight for it.



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