



"Rechance Biz - Raise up Self-employment through Inclusive Entrepreneurship Development"  
Leonardo da Vinci, Partnerships  
Project № 2012-1-PT1-LEO04-12490 8

**I e-Newsletter, February 2013**  
**Todor Totev, Vyara Foundation, Bulgaria**

The **Rechance Biz** is a **Leonardo da Vinci Partnerships** project developed within the framework of the **Lifelong Learning Programme** and with a total lifetime of 24 months. The project targets unemployed young (18-30) and elder (+50) workers, also with other exclusion factors - gender, migration, poverty or other, addressing their self-employment throughout

entrepreneurship initiatives, the skill and knowledge shortage in entrepreneurship sector, aiming in consequence to prevent social exclusion phenomena contributing to the sustainable development of communities, countries and Europe.

Five partners from five different countries are involved in this project: **North City Business Centre** (UK), **Institut pro ženy** (Czech Republic), **Fundacja Rozwoju Inicjatyw Edukacyjnych i Społecznych** (Poland), **Meram Belediyesi** (Turkey) and **Vyara Foundation** (Bulgaria).





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In favour of the project we will hereby share examples for good practices of successful business from each of the countries participating.



*When determined to do something, even the gust of the air shall not stand on your way.*

**Kostadin Denchev and Ivan Sabev** – owners of JSC "KIS" (Tryavna, Bulgaria):

Our interview in time of economic crisis is with the owners of GP "KIS" – Kostadin Denchev and Ivan Sabev, who 20 years ago decided to work together and start their own business, first in the bread-making sphere. Later, they opened a grocery store and a restaurant in the centre of Tryavna, followed by two shops for building materials. Their business is quite diverse, but that's exactly what kept it at the times the bread-making had difficulties. But is it

still the fact that preserve their business today, in time of crisis, which are their biggest problems and the rules for successful business, we'll try to find out during our interview with the two partners.

**Tell us briefly the story of your business.**

**Kostadin Denchev:** Before we started our mutual business, I used to work at another bakery company. At one point I realized that I had worked long enough and I had the experience to start my own business, as I loved my profession. What I needed was a reliable partner, as I couldn't make it on my own. I had a lot of friends, but the true ones were few and far between. Ivan was one of them so I offered him to start our own business. In November 1992, we started our business under the name of ST "Sabev". We rented the bakery in a village around the town. As it hadn't been working for 30 years, it needed a lot of repair works. The master baker Ivan Pometkov was the one who helped us a lot at that time. As I mentioned, I used to work in another bakery, but it was small – the capacity was 100 loafs, and ours was for 220... The beginning was quite harsh and there was a moment when we hesitated if it's worth continuing. The expenses for heating the oven were very high. I will never forget my first working day. I was a bit earlier and



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when Ivan came to open the oven he told me: "Today we won't work". I asked him why and he explained that the oven is not heated and asked me to come the next day and heat it with firewood. I did what he told me, we made our first bread and gradually the things got under way. We worked only



on Monday, Wednesday and Friday at first, and our customers were the people from the villages. After that, our bread got popularity and we started working from Monday to Saturday. For Easter we produced Easter – cakes and Easter rolls. I remember that Ivan bought wadding to wrap the sides of the oven, we sprinkled it with sand and it became more economical. On Sunday I used to go and heat it with firewood, and Ivan was selling the bread directly to people at their homes. We often used to go to the woods and to collect fallen pulp – actually that was our time for rest. During one of these I broke my leg

fiercely and Ivan was forced to deal with the oven himself - he had to get into the swing of the craft very fast. Later, we decided to hire and teach workers, so that we can change shifts, as it was really tiring to work 18 hours and do everything by ourselves, even the repair works. We planned to buy the oven, to make an overhaul, to invest money in the village. Our offer was considered by the Town council at that time and we needed only one vote more to get the oven. We realized in the years that it was for our good – you never know what you win when you lose something. Finally, in august 1995 we moved at a refectory in Tryavna. But before that we had to buy a new or second – hand oven. We got to Pelovo and the boss of a company gave us one lease. At this time this kind of trade was not popular yet. But what helped us was that we used to be footballers and had played a game against this guy's team, so we knew him a long time ago. We paid it for 3-4 years, but unfortunately it broke down before we had paid for it...

**Ivan Sabev:** Really, the beginning was very hard, but gradually things got better. I remember, when we had just started and in March there was a heavy snow – drifts in the village where we worked reached a height of 1.20m, so the snow ploughs



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couldn't clean the road. Now I have no idea how I had succeeded to reach the bakery at night, and also to pick one of our workers, as the mobile phones did not exist yet... Such a tough task.

Did you have any competition when starting the business?

**Kostadin Denchev:** In our region there were 3 companies which produced bread. The mechanical bakery was starting to decline. I remember one Saturday we had 100 breads left and we decided to try sell them in Tryavna. Passing by one of the shops I saw an enormous queue of people, waiting for bread, as the electric power had been switched off. I entered in and explained them that we have 100 breads left, so I asked if they would mind we sell them to the waiting people. He told me directly: "Listen "my friend" – you'll be closed since Monday and you'll be running here to kiss my feet!" I don't like being threatened, but these menaces made me more ambitious. I apologized and got out of the shop. I sold the bread at another shop, but really, the next day we were closed by the inspectorate. Our sink did not correspond to the requirements. If they want, they would always find something...

At that time, our town needed about 15



000-20 000 breads daily. Our firm produces 3 600, which is quite a big quantity. Now I think 5 000 to 6 000 is enough to cover the needs of the whole town. One of the reasons is that people used to buy more than needed, in order to be prepared for an unexpected situation. We started producing just breads at first, but later we developed confectionery. Today we produce mainly Easter cakes, cookies and paste products – cakes, buns and loaves of bread.

**Ivan Sabev:** The best years for bakery business were no doubt during the reign of Zhan Videnov. In 1997, there was a wheat crisis, so the municipality divided the amount of flour depending on the produce. Of course, the mechanical bakery got the biggest part. But we were foresight and had already bought wheat in advance. We also



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had flour in storage in a mill at Byala Cherkva. We took the quantity, that the municipality gave us, too. We produced a lot of bread – we were selling 1000 a day at that time. People were coming wearing bags so they can buy more bread. The night shift was making the bread, and the day shift - cookies. Competition is good while it provokes you to work harder and provokes prosperity. But if you start taking it personal and try to deal with it – you’ve lost yourself. If you have aim, faith, patience and persistence – things gradually happen. Moreover there is enough space for each and every one on earth.



**You had probably thought for opening a grocery store, when your business expanded?**

**Ivan Sabev:** We considered it better to open a shop and sell our own production, instead of giving it to the other shopkeepers with the discount for jobbers. So in 1996 we opened our shop, named “Savoya”. A year ago, due to the expansion of the business, we made a mutual firm named GP “KIS” (in Bulgarian: Kostadin and Ivan - partners)

**How did you come up with the idea of opening a store for construction materials?**

**Kostadin Denchev:** After having our bakery improved, we opened the grocery store, followed by the “Savoya” restaurant. Then we decided to open a construction materials store also – we named it “Duga” (in Bulgarian – rainbow). It was opened in 2000, and a few years later a second one of ours of the same branch came up in the town. Our business became quite various and that became essential when the bakery wasn’t going well.

**Ivan Sabev:** We had decided to open another grocery store or a snack bar, so we bought the premise where “Duga” takes place at the moment. That was the first real estate we gained as a firm. I told Kostadin that there was no point to open another



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grocery store as there is always loss when dealing with grocery, restaurants or bakery. So as bit of a joke, but enthusiastic and willing to succeed, we decided to open this construction materials store. I will never forget Stoyan Kunchev's words, an owner of a store for....."Boys, when determined to do something, even the gust of the air shall not stand on your way."

**Why did you stop producing bread?**

**Ivan Sabev:** Because the prime cost of the bread we produced, was equal to its price in the shops, which was abnormal.

**How many employees do you have at the moment?**

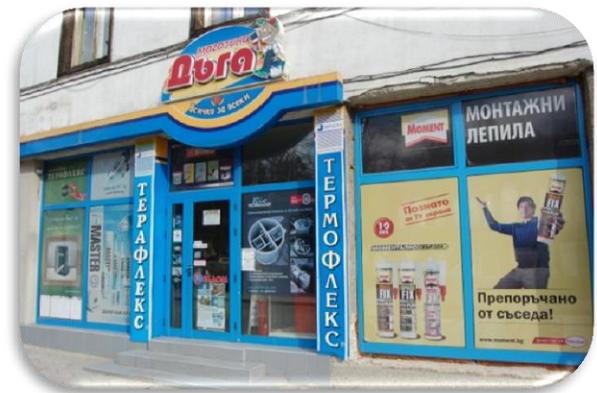
**Kostadin Denchev:** We are 27 in total. We've been 30. There are some people, who work for us for more than 10 years. It's hard to teach people nowadays. The first question young people come up with is how much they will earn. They are not willing to work for 300leva, though at the beginning their knowledge and abilities are not actually worth even 50leva.

**Tell us about the social policies of the firm.**

**Ivan Sabev:** In order to have good social politics, we must have a lot of money, but times are hard. We are doing our best to

pay our employees in time. At the moment, salaries are not very high, but that's the current situation.

**Kostadin Denchev:** When we produced only bread but in big amounts, our workers were paid high salaries. Besides, we regularly organize company parties for uniting the team.



**Are you able to invest despite the current tough economic situation?**

**Ivan Sabev:** We haven't invested in any of our business activities for the last 3-4 years. A lot of firms went bankrupt and dragged us down the stream in many ways. I think it's heroic even to keep the business running.



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**Which are the toughest problems you are facing?**

**Kostadin Denchev:** The biggest problem is intercompany indebtedness.

**You have supposedly used loans for business development, would you do so now if needed?**

**Kostadin Denchev:** Before becoming partners with Ivan, I had borrowed money from relatives of mine to buy some major stuff for the bakery. He borrowed money from relatives as well and this is how we started. We repaid the loans later on. Bank loan conditions at this time were severe.

**Ivan Sabev:** Later we took loans for business development. We wouldn't ever do this today bearing in mind current heavy bank loan conditions.

**Do you think the government tolerates large business at the expense of small and medium?**

**Ivan Sabev:** Such is the state policy. Once we decide to engage with the large business we are doomed. The problem is that if we have to trade off commodity to a big commercial range like "Metro" they will pay for it in about 45 days and we can't bear

this. Not to mention that large commercial ranges ruined our economy by selling both low quality and low price goods.

**Which years do you consider best for your business?**

**Ivan Sabev:** We were the men of the minute in 2007-2008. People used to buy construction materials and pay at the end of the month, as talking about the regular clients. But since the crisis began debts started piling up as our clients failed to meet their bills. Although we were working really hard back then our money remained in others' hands...

**Kostadin Denchev:** Though being unpleasant to mention, we conduct lawsuits against some of our debtors even at present.

**What do you think about the constant changes in the regulations?**

**Ivan Sabev:** No matter how often or different law changes are they just won't work as long as no one obeys them. And how are we supposed to trust the laws whilst witness how selectively they are applied. Our ancestors haven't signed any



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document, "giving their word" and shaking hands was the best guarantee itself.

**Kostadin Denchev:** People get confused by the constant changes in the regulations. I know Ivan since 1979 and we have been business partners for 20 years now. Once we decided to work together we set 5 conditions for cooperation and we haven't violated them ever since. The most important of them is to be honest and



undisguised with one another. I remember even the negotiation we stood behind – our wives were welcome to help us in any way about the business but they had no word when making the decisions.

**What are your principles for a successful business?**

**Ivan Sabev:** Fair-dealing and discipline.

**Kostadin Denchev:** As well as persistence and diligence.

**Do you have any life prescription that helps you stand firm in life and business?**

**Ivan Sabev:** The key to success and the firmest mainstay in one's life and business is the family. If you have managed to build up a good team in this aspect everything else comes with the time.

**Kostadin Denchev:** I don't really have any life prescriptions in specific. I admire discipline, diligence, patience and persistence while pursuing the aims and objectives one has set. Both Ivan and I used to be football players and thanks to the sport we find ourselves habituated with discipline, motivation, responsibility, sense for teamwork, which we find highly valuable not only in business but in life itself as well.

**Interviewer:** Galina Ivanova

**Pictures:** Todor Totev