



A School with a View



Report on Hidden Champions in the EBRD Region

for



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¹ As defined in [UN Security Council Resolution 1244](#).

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1. Introduction

The report highlights the role of "Hidden Champions"—companies that lead in niche markets and contribute to economic resilience within emerging economies. These businesses are often lesser-known yet consistently demonstrate strong customer focus, innovation, and adaptability in challenging environments. Building on previous CEEMAN research, this report examines how Hidden Champions impact local economies and enhance innovation in diverse regions.

This study identifies both established and emerging Hidden Champions, capturing their strategies for market leadership, resilience, and adaptability to global challenges. The findings provide insights into how these companies manage digital transformation, environmental demands, and regulatory shifts, offering a comprehensive view of competitive dynamics within the EBRD region.

In late 2021, IEDC and CEEMAN decided to delve into the subject of Hidden Champions once again to explore and contrast the characteristics of innovative companies operating in rising economies worldwide. This research focuses on Africa, Asia, Central and Eastern Europe, and

South America, seeking out companies that are leaders in their respective niche sectors and the international market. Associate Professor Denis Berberović, PhD, was named the Lead Researcher for this global project. Preparations began at the end of 2021, and the research protocol was launched in 2022.

After signing the contract with EBRD in April 2024, IEDC-Bled School of Management, Postgraduate Studies (hereinafter: the coordinator) approached research partners in EBRD region countries and coordinated the research on Hidden Champion companies in the following 26 countries: Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Croatia, Estonia, North Macedonia, Georgia, Hungary, Kazakhstan, Kosovo, Latvia, Lithuania, Moldova, Mongolia, Montenegro, Morocco, Poland, Romania, Serbia, Slovakia, Slovenia, Türkiye, Ukraine, Uzbekistan.

This report follows the Research Protocol prepared by the coordinator in 2022 and examines the Hidden Champion companies in each of the aforementioned countries.

The report firstly explains the research methodology, and it continues with executive summary, then explains the common characteristics of these companies, describes the industry impact of and market leadership of the Hidden Champions in the rising economies, highlights key success factors, and identifies development needs in management, financing, or regulatory environment. Additionally, it examines the effects of the pandemic and the war in Ukraine. It includes brief summaries from country contributors, offering EBRD insights into the business environments of specific countries.

The report continues by introducing the list of identified Hidden Champions by each of the included countries (in an alphabetical order). The final part of the report is dedicated to company fiches by the selected countries where based on the interviews, EBRD gets insights into financial performance of each company, the nature of market leadership, the nature of competitive advantage, core lessons learned on the path to business success, and further development needs in terms of management, financing or the regulatory environment in order to keep or advance business results.

2. Research Methodology

The research methodology can be divided into two parts. The first part is related to the overall coordination of the research and the second part is linked to the Hidden Champions research methodology and its challenges.

Following the mentioned distinction also this section is divided into two parts. The first part explains the overall coordination and the steps that were taken by the coordinator in order to ensure the consistency of the research implementation among the research partners.

The second part explains the chosen methodology and the actions taken by the research partners in order to identify the Hidden Champion companies in their countries. Due to some challenges related to the Hidden Champions methodology that occurred throughout the research, also these challenges are explained.

a. Overall coordination of the research

i. Research partners

#	Country	Institution	Name
1.	Albania	University of Tirana, Faculty of Economics	Vasilika Kume
			Elona Garo
			Anisa Kume
2.	Armenia		Vanine Yerosyan

		Matena International School of Leadership and Professional Development	Astghik Sargsyan
			Tigran Mnatsakanyan
3.	Azerbaijan	Azerbaijan State University of Economics (UNEC)	Leyla Hajiyeva
			Mansur Barkhudarov
			Afet Alakbarova
4.	Bosnia and Herzegovina	University of Sarajevo, School of Economics and Business	Adi Alić
			Amra Kožo
			Merima Činjarević
5.	Bulgaria	University of Economics - Varna	Desislava Serafimova
			Petar Petrov
6.	Croatia	J.J. Strossmayer University in Osijek	Slavica Singer
			Sunčica Oberman Peterka
		University of Zagreb, Faculty of Economics and Business	Mislav Ante Omazić
			Patricia Uroić
7.	Estonia	Tallinn University of Technology, Tallinn School of Economics and Business Administration	Meelis Kitsing
8.	Georgia	University of Georgia	Amashukeli Maia
			Surmanidze Natia
			Tskhadadze Ket
9.	Hungary	Corvinus University of Budapest	Stocker Miklós
			Daniel Kostyal
			Péter Koncz
			Levente Mikes
10.	Kazakhstan	Almaty Management University	Daniyar Medetov
			Ksenia Yuzhaninova-Karadenizli
			Vadim Novikov
11.	Kosovo	Business Development Group	Florentina Dushi
			Dafina Turkeshi Ballanca
12.	Latvia	RISEBA University of Business, Arts and Technology	Irina Sennikova
			Galina Zilgalve
13.	Lithuania	Vilnius University	Erika Vaiginiene
			Laimutė Urbšienė
			Jurgita Butkevičienė
14.	North Macedonia	SS. Cyril and Methodius University in Skopje, Faculty of Economics - Skopje	Violeta Cvetkoska
			Martin Kiselicki
			Filip Peovski
			Bojan Kitanovikj
15.	Moldova	Magenta Consulting	Dumitru Slonovschi
16.	Montenegro	Faculty of Economics Podgorica	Milorad Jovović
			Bojana Femić –Radosavović
			Nikola Mišnić
			Jovan Đurašković
			Ksenija Jovović
	Mongolia	Otgontenger University	Zolbayar Jargalsaikhan

17.			Zolzaya Gankhuyag
			Khosbayar Nyamsuren
			Jargalmaa Ganbaatar
18.	Morocco	HEM Research Center	Oumaima Chamchati
		Cadi Ayyad University	Sofia Arougay
			Mohamed Nabil El Mabrouki
19.	Poland	Gdansk University of Technology	Magdalena Popowska
			Julita E. Wasilczuk
20.	Romania	Gheorghe Asachi Technical University of Iasi	Bogdan Rusu
21.	Serbia	Metropolitan University, FEFA Faculty	Jelisaveta Lazarević
			Goran Pitić
		Center for Advanced Economic Studies (CEVES)	Kori Udovički
		Metropolitan University, FEFA Faculty	Miloš Erić
			Nebojša Savić
			Ema Marinković
		SEE ICT	Zoja Kukić
22.	Slovakia	Matej Bel University in Banská Bystrica	Janka Tborecka-Petrovicova
			Lenka Theodoulides
23.	Slovenia	IEDC-Bled School of Management	Arnold Walraves
			Elnura Irmatova
24.	Türkiye	Beykoz University	Mehmet Yeşilyaprak
			Hasan Yazar
			M. Mustafa Erdoğan
25.	Ukraine	KROK Business school	Olexandr Kalinin
			Oksana Sedashova
			Tetyana Kravchenko
			Lyudmila Kosovych
26.	Uzbekistan	TEAM University	Akmal Khudaykulov
			Hikmat Abdurahmanov
			Zukhra Abdurakhmanova

ii. Research protocol

Once the research partners were selected, the coordinator began developing a detailed research protocol to ensure synchronized implementation across various partners and countries. This protocol aims to standardize and guide the exploratory study titled “Hidden Champions in Rising Economies,” which investigates successful, but less known companies in emerging markets. It provides explicit instructions for research partners to ensure consistency in methodology, data collection, and reporting.

The document includes essential forms such as the Initial Company Consent Letter and Questions for companies. It also covers intellectual property rights, financial aspects, and contact information for coordination. Additionally, it provides thorough explanations of definitions, analysis methods, and ensures methodological consistency, timely execution, uniform analysis, and reporting.

The protocol is organized into four parts:

1. Research Summary
2. Data Collection
3. Data Analysis
4. Intellectual Property, Quality Assurance, and Finance

Overall, this comprehensive approach aims to provide valuable insights and support the growth of Hidden Champions in rising economies through rigorous research and collaboration.

iii. Research meetings and online webinars

In order to support researchers from different continents, as well as to standardize the research approach, webinars were held for researchers in September 2022, and once again in November 2022.

All newly joined researchers have received the research protocol and access to materials and previous webinars. The lead researcher, prof. Berberović, held online meetings with the new researchers to address additional questions arising from their review of the materials and webinars.

Additionally, any researcher with questions has joined the official office hours for researchers that were scheduled every Friday. During the office hours for researchers the lead researcher, Prof. Berberović, discussed the matters regarding writing the country chapters.

In October 2023 CEEMAN organized the 1st Alliance – CEEMAN Summit on the Research of Hidden Champions with the title “Hidden Champions: Factors of Development in Rising Economies”.

It centered on the current global research of Hidden Champions, featuring key insights from prominent speakers including Hermann Simon, the visionary pioneer of the Hidden Champions concept, Professor Xiaobo Wu from Zhejiang University, and Danica Purg, President of CEEMAN and IEDC Bled School of Management. Prof. Denis Berberović, the lead researcher, outlined the project's methodology and scope, and a panel led by Professor Slavica Singer looked into the challenges of managing such a vast research endeavor. The webinar attracted 120 attendees from 40 different countries.



iv. Risk analysis

After a series of meetings with researchers, there were a few countries identified as a “high-risk”. These were approached with communication that happened much more often than with the rest of the researchers.

The risks associated with that were the busy schedules of involved teams, changes in the team

of researchers, and slow feedback from their side. For example, the original Ukrainian research team had to withdraw from the project due to the war and mobilization efforts, and no information was passed on to the new team.

Another risk was that some companies that were approached could have declined the proposal or would not want to expose themselves and remain hidden. It took a while to receive their confirmations, which put at risk the delivery of a country chapter.

v. Monthly reports to EBRD

The coordinator reported to EBRD about the progress related to the research five times: 1) April 2024; 2) May 2024; 3) June 2024, 4) July 2024, 5) August – September 2024. The monthly reports highlighted the progress made as well as the current challenges. The common challenge was the ability of research teams to deliver their research output on time due to limited time and resources.

b. Hidden Champions research methodology and its challenges

i. Hidden Champions criteria

Hidden Champions, based on Simon's (1996) definition, are:

1) Companies that occupy the number one or two position in the world market and the number one position on the respective continent as measured by market share or, if the latter is unknown, a Hidden Champion company must be a leader relative to its strongest competitor.

In the study done in 2011, the first criterion was extended to:

- Companies that occupy the number one or two position in the world market and the number one or two position in the European/CEE/Regional market as measured by market share or, if the latter is unknown, a Hidden Champion company must be a leader relative to its strongest competitor.
- The market share should be defined by Hidden Champion companies themselves.
- If a company does not know its exact market share, the relative market share is used (its own market share, revenues or number of units divided by market share, revenues or number of units of the strongest competitor). As it is not possible to monitor every market, we rely on the market share information provided by the companies (Simon 2009).

2) A Hidden Champion company must be small or medium-sized and normally, its sales revenue would not exceed 1 billion US dollars.

- If possible, Hidden Champion companies with up to 249 employees which sales revenue would not exceed 1 billion US dollars.

3) A Hidden Champion company must have a low visibility profile in the public domain.

ii. Interviews

The research partners were directed to engage with the companies identified in 2019 and also to locate new or potential Hidden Champions within their countries for interviews with C-level executives. Researchers have approached the Hidden Champion companies with a request to do an interview and explanation of the research. In case of positive response, researchers scheduled a meeting with C-level executives.

The in-depth interviews focused on their characteristics, main drivers for success and their perspectives on the challenges that businesses face, current and future management and leadership development needs, and challenges and gaps in existing management and leadership development opportunities. The researchers followed the research protocol in

organizing the interviews.

iii. Hidden Champions criteria and their challenges

The challenge is to find the companies matching the criteria, and to consider whether certain deviations from such criteria is acceptable. Usually, the researchers refer to the previously published works and materials from the previous research, should they be uncertain about the eligibility of a certain company.

3. Executive summary

Following the contract signed between EBRD and the research coordinator, the executive summary is structured as follows. It begins by updating the information on Hidden Champions identified in the 2019 report and adds details on new ones. It continues by explaining the common characteristics of successful companies. The summary then describes the industry impact of and market leadership of the Hidden Champions in the rising economies, highlights key success factors, and identifies development needs in management, financing, or regulatory environment.

It also examines the effects of the pandemic and the war in Ukraine. The executive summary also includes brief summaries from country contributors, giving EBRD insights into the business environment of specific countries.

a. Information on Hidden Champions identified in the 2019 report, and adding information on new ones

After receiving country reports from research partners, the research coordinator compared the companies identified as Hidden Champions in 2019 with those identified in 2024. This comparison highlighted the differences in the number of Hidden Champions identified by country in both years. The table below presents the number of companies identified as Hidden Champions in 2019 and 2024 by country.

Country	HC in 2019	HC in 2024	New HC in 2024
Albania	3	3	/
Armenia	/	2	2
Azerbaijan	/	1	1
Belarus	10	/	/
Bosnia and Herzegovina	6	4	4
Bulgaria	1	2	2
Croatia	3	4	4
Estonia	5	3	3
Georgia	/	2	2
Hungary	5	4	4
Kazakhstan	0	2	2
Kosovo	1	1	1
Latvia	6	2	0
Lithuania	7	2	2
North Macedonia	5	5	3
Moldova	0	5	3
Montenegro	2	2	0
Mongolia	/	3	4

Morocco	/	3	3
Poland	11	1	1
Romania	3	3	1
Russia	6	/	/
Serbia	10	4	2
Slovakia	5	2	2
Slovenia	10	3	3
Türkiye	6	2	2
Ukraine	3	1	1
Uzbekistan	/	1	1
Total	108	66	55

b. Common characteristics of Hidden Champions

Central to HCs' success is their commitment to innovation with significant investments in digitalisation that maintain their growth and foreign expansion. Their intense focus on innovation ensures that HCs remain competitive and meet specific customer needs. Their innovative products, customer-centered approach, and visionary leadership approach of their founders have been identified in their business stories.

HCs are conservative in finance and operations, which might seem contradictory to their innovative approach. This conservatism ensures financial stability and operational efficiency. There is a growing intention among these companies to embrace sustainable growth and integrate social values and non-profit activities into their business practices, such as collaboration with scientific networks, educational institutions and local communities.

c. Industry Impact of Hidden Champions in Rising Economies

Hidden Champions (HCs) operate across a wide range of industries, both in well-established sectors and emerging high-tech fields. They play a crucial role in global supply chains, providing specialized components and solutions, primarily for B2B markets. Their market leadership and innovation often drive industry standards and create niche market dominance in their respective fields.

Traditional Industries

HCs are predominantly present in well-established industries, where they act as key suppliers and innovators. These industries include:

- Steel Industry
- Lighting Industry
- Pharmaceutical Industry
- Food Industry
- Construction
- Shipping
- Gas Industry
- Agriculture
- Financial Industry
- Transportation
- Automotive Industry
- Furniture Industry
- Textile Industry

In these sectors, HCs specialize in specific parts and systems, often supplying Tier 1 manufacturers and large industrial clients. They are rarely present in consumer markets, except in cases where their business models leverage local resources and traditional expertise. An example is the Azerbaijani HC Azerstar, a leading global producer of hazelnuts.

Emerging and Non-Traditional Industries

With advancements in digitalization, HCs have expanded into high-tech sectors that leverage human capital and technological expertise. These include:

- IT Industry
- Software Development
- Artificial Intelligence (AI)
- Agri-Tech Industry
- High-Performance Computing
- Renewable Energy Technologies
- Advanced Manufacturing (e.g., Powder Metallurgy, Composites)

Many of these firms have thrived due to the availability of highly skilled IT professionals in their home countries, allowing them to develop cutting-edge solutions in digital business environments.

Hybrid and Cross-Industry Expansion

Some HCs have successfully diversified into multiple sectors, using their expertise to enter new and emerging markets. Examples include: Koshi (Kosovo) – Started with carbon fiber production for automotive and later expanded into the marine industry. Agrivi (Croatia) – A pioneer in agri-tech, providing software solutions to empower farmers with data-driven decision-making tools.

Innovation and Industry Leadership

HCs are not only industry players but industry shapers. Their ability to set new standards and introduce disruptive innovations makes them influential beyond their immediate markets. In traditional industries, they enhance efficiency by applying cutting-edge technologies, while in non-traditional fields, they often define entirely new industry standards. Some, like Agrivi, are even recognized for initiating the creation of new hybrid industries that merge agriculture and digital technology.

Regardless of the sector, Hidden Champions excel in market leadership, innovation capacity, and deep integration into B2B supply chains, ensuring their continued growth and impact on the global economy.

d. Market Leadership of Hidden Champions In Rising Economies

A majority of Hidden Champions from rising economies are leaders in their respective regions or continents. Either they have entered markets and market niches where they increased their market share to the dominant position, or, as is more often the case, they themselves have established market niches with specific product solutions in which they have only market presence. This is in line with Herman Simon's criteria of Hidden Champions which may hold leader position either globally or in their own continents/regions.

There are two categories of factors influencing the market leadership position of Hidden Champions from rising economies: external and internal factors.

External factors are:

- market trends,
- industry standards,
- strategies of competition,

- often even non-existence of competitors,
- collaborative networks particularly with the scientific community.

Internal factors, which determine the market leadership position are:

- vision,
- clear strategies,
- all around solutions,
- innovativeness,
- education of employees,
- digitalization,
- company's agility
- company's swiftness in terms of rapidly changing customer needs.

Internal factors are more dominant, which explains why Hidden Champions from rising economies are highly successful in international markets. They have their production and related business operations stationed in the country of origin, but their sales and market share presence is elsewhere.

External factors are often not supportive to businesses in rising economies. Such business environments, also referred to as fragile business environments², are either not supportive to businesses or even hostile towards them. Fragile business environments have a lack of procedures and standards, are burdened by corruption and inefficiency, have weak or even lack of institutions needed for a proper and fair market play.

In spite of that, Hidden Champions from such business environments manage to excel. That is due to the aforementioned internal factors and their focus on international markets. Hidden Champions in rising economies have managed to build resilience in business environments from which they origin, guarding themselves from the challenges they are surrounded by. At the same time they build excellence in the markets they conduct their sales. Such markets are usually in developed economies and stable business environments in which they do not face challenges they face in domestic business environments.

e. Competitive Advantage of Hidden Champions in Rising Economies

In order to gain market leadership position Hidden Champions have built distinct competitive advantages. These competitive advantages are almost unanimously marketing based, but approached in two ways.

The first approach is in regards to customers' needs and preferences. Hidden Champions collect continuous and detailed information about the needs and often issues their clients face in their everyday business operations. This leads to the second approach to building competitive advantage.

The second approach is offering solutions for solving problems and issues that were identified on the side of customers.

In terms of creating and offering solutions to customers based on which they build their distinct competitive advantages, Hidden Champions from rising economies offer two types of solutions: partial solutions and all-around solutions to their customers.

² Berberović, D., Činjurević, M and Kožo, A. (2019). Success Despite Lack of Support: Lessons Learned from Hidden Champions Doing Business in Fragile Business Environments. *Sarajevo Business and Economics Review*, vol 37/2019, pp. 192-204.

Partial solutions are mainly focused on specific, often technically related issues which pose a challenge for a client. Hidden Champions seek to identify the problem, create possible solutions, test them and offer a final solution proposal to their client.

All-around solutions are more popular amongst Hidden Champions of rising economies as they are focused on holistic solutions and support to their clients. This often leads to developing long-term relationships with their customers, which represents a stable basis of future growth. Both approaches and solutions lead to marketing based competitive advantages on which Hidden Champions have built their business success. Financial resources are not considered to be competitive advantages, but they are important basis for elements which constitute competitive advantages. Innovative products, high-tech solutions, and cutting-edge technologies are part of these customer-centric solutions which often demand significant financial sources.

Only rarely have Hidden Champions based their market leadership positions on comparative advantages of their countries of origin, using distinct local resources for that purpose. A case in point is the beforementioned Gobi from Mongolia, a hidden champion which holds the third market position globally in producing top-quality cashmere garments. The company is dedicated to studying international markets, adjusting to current trends which shape the usage of their products. For example, Gobi acknowledges global warming through the adjustment of their production, by introducing additional lighter materials to garments, such as silk.

Relying on competitive advantage without exploiting comparative advantage of their distinct countries, makes Hidden Champions more resilient and flexible in the dynamics of global and regional markets. This also helps understand why and how Hidden Champions from rising economies achieve international leader positions. They are not dependent on local resources which is often scarce.

f. Challenges Faced of Hidden Champions in Rising Economies

Main challenges that Hidden Champions in rising economies face are related to workforce, not financial aspects³ of their business.

Due to the successful business operations, Hidden Champions have an increasing demand for their products and product solutions. However, responding to it they see as a challenge due to the increasing dynamics on the workforce side. Hiring is a greater challenge for Hidden Champions in rising economies than retaining them. For these companies there is a growing demand for blue-collar workers, back-office professionals, and particularly new professions which are just emerging, such as AI-related professions. The latter is particularly due to the innovativeness of Hidden Champions.

Another important challenge is the continuous need for developing employees further in terms of upskilling and reskilling them. Different set of skills are required: such as R&D skills, sales skills, marketing skills, particularly skills required for developing customer relationships, soft skills, holistic knowledge, entrepreneurial competencies, technical knowledge, B2B skills, business skills for different professions (e.g. communication skills for engineers). Protection of innovation by trademark is another challenge mentioned.

g. How Hidden Champions in Rising Economies Responded to Covid-19 Crisis

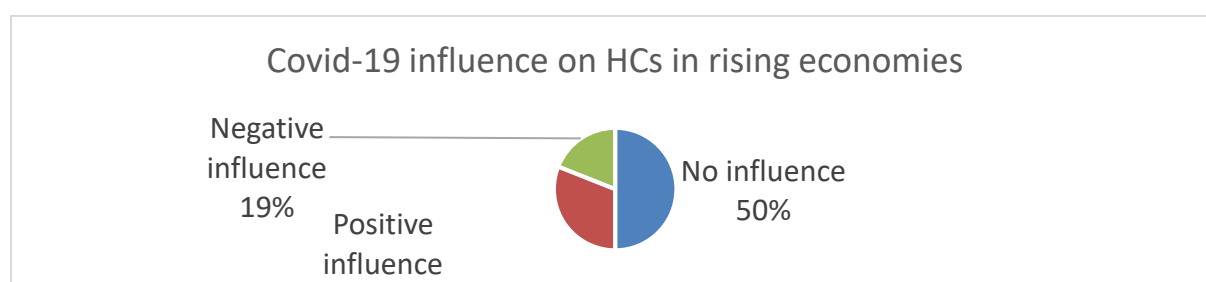
The Covid-19 pandemic was a considerable global health crisis which hit the world in 2020/2021. From the business perspective, it was a significant influence which reshaped the business environment leading to numerous repercussions for businesses around the world.

³ Although in the study about hidden champions in rising economies they were directly asked about that.

Since movement was gravely limited, that led to many businesses failing in two aspects. First, shutting down of distribution channels led to impairment of supply chains leading to businesses not being able to conduct their core activities. Particularly production slowed down and, in many cases, it completely shot down. Production impediment along with limited or complete distribution halt led to the second Covid-19 effect on businesses, and that is market provision.

Businesses were unable to provide products for markets and market segments they served for years, even decades, which resulted in grave loss of market share. That all not only had effect on profits during the period and the aftermath of Covid-19, but in many cases, it also culminated in shutting businesses down.

Such a serious threat coming from the business environment was also a topic of discussion with managers of Hidden Champions from rising economies.



Pic. Covid-19 influence on Hidden Champions in rising economies

The predominant answer (50%) in case of the influence of Covid-19 pandemic on business operations of Hidden Champions in rising economies was that it had no influence on their businesses. This is explained by both their resilience and flexibility, i.e. the ability to swiftly adapt to changing business environments. This has once again turned out to be the main reason not only for survival, but growth of Hidden Champions.

A total of 19% commented that the pandemic had negative effect on their businesses. The negative effect was mainly that it slowed down their progress. This was caused by difficulties in expanding to other markets due to the beforementioned inability to distribute products and supply them to their target markets. Distribution of products had to be organized in different ways, due to pandemic requirements posed by countries. But even in these cases it did not lead to downgrade of operations or layoffs, as was often the case in many other businesses during the pandemic.

A third of managers (31%) from Hidden Champions in rising economies stated that the Covid-19 pandemic actually had positive effect on their businesses, suggesting that the pandemic was actually perceived as a business opportunity.

The opportunity was exploited in many different ways. Due to the shift in consumer preferences the demand for some existing products of Hidden Champions strongly increased, creating an excellent opportunity for sales growth. The pandemic caused an increase in yacht production, which led to using marine services more, as the Montenegrin hidden champion Marina Porto Montenegro. The demand increases for pandemic related products caused also some Hidden Champions recognizing the pandemic as a reason for diversifying its product portfolio by developing a new product. The Slovakian hidden champion Gevorkyan, which holds the No. 1 position in Europe in producing metallurgy products has developed and launched a respiratory system and provided it to hospitals in times of great need. The hidden champion Arctur from Slovenia used the opportunity to launch an AI platform for which they have been awarded later.

This implies that the demand for certain products which Hidden Champions offer rose significantly.

Changes to internal processes have also been made due to the pandemic. But as it turned out, the processes were organized more efficiently, in terms of holding meetings, internal education, and administrative processes. The pandemic has initiated a strong digitalization wave amongst Hidden Champions. Even in external processes, pandemic has caused improvement for Hidden Champions' business operations. Mikrosam, the hidden champion from North Macedonia which has a product line for CNG and hydrogen tanks, started providing "remote installations" of their machines during the pandemic.

In regards to the effect of the Covid-19 pandemic on the supply chains, it was suggested that big global companies have shortened their supply chains. For that purpose, such companies have relied more on nearshoring. This has opened new opportunities for Hidden Champions from rising economies as they started supplying global clients.

Another external opportunity is detected regarding the target market. Due to transportation obstacles and restrictions caused by Covid-19 pandemic, Hidden Champions had to redefine their target markets, or even approach new ones.

h. How Hidden Champions in Rising Economies Responded to Business Turbulences Caused by the War in Ukraine

The war in Ukraine started end of February 2022 when Russia invaded Ukraine. It was in the aftermath of the Covid-19 pandemic, with business environment just starting to recover from the disruptions caused by the numerous pandemic restrictions. Due to disruptions in energy supply, shortages and threats of delving into longer periods of shortages, prices of energy and food started to rise with an alarming pace. Inflation rates which in case of some countries haven't been seen for decades started to pose a significant threat to the world economy which just started to recover from the Covid-19 pandemic.

Although the war in Ukraine caused a different type of global crisis than the Covid-19 pandemic, resilience and adaptability of Hidden Champions in rising economies turned out to be a significant strength once again. These companies again responded with rearranging their internal processes, redefining their target markets, particularly in case of European companies which withdraw from the Russian market. Important markets stayed unsupplied which created a business opportunity for Hidden Champions. These companies also once again made use of nearshoring, an opportunity created by global companies and disruptions they experienced in their supply chains.

The main business challenge created by the war in Ukraine was related to energy supply disruptions and shortages, followed by a sharp rise in energy prices. Hidden Champions in rising economies have responded to that business threat by transforming their businesses to using sustainable energy sources.

i. Key Development Needs of Hidden Champions Management Needs

Enhancing Middle Management Skills – Many HCs recognize the need to improve delegation, project management, and leadership skills among their middle-level managers, as they often grow internally without formal training in these areas.

Strengthening Strategic Planning – Companies must develop capabilities in long-term planning, market analysis, and risk management to maintain their market leadership and respond to industry changes.

Digitalization and ICT Skills – There is a growing need for digital marketing, e-commerce, and ICT competencies, as traditional industries undergo rapid transformation due to technological advancements.

Human Resource Management – HCs struggle with hiring and retaining skilled employees, especially in technical roles, and need to develop structured recruitment, onboarding, and retention strategies.

Financing Needs

Access to Diverse Financing Sources – Many companies struggle to secure adequate financing for scaling their operations and investing in new technologies. They require better access to bank loans, venture capital, government grants, and international investment.

Improved Financial Management – Companies need to strengthen financial planning, budgeting, and financial analysis capabilities to ensure sustainability and efficient resource allocation.

Liquidity Management – Some HCs aim to maintain liquidity without relying excessively on external funding, necessitating more efficient capital expenditure planning and financial tracking systems.

Regulatory Environment Needs

Better Relations with Banks – A recurring issue for HCs is the difficulty in securing credit. Many companies require more favorable loan conditions and better engagement with financial institutions.

Compliance with Evolving Regulations – Expanding into international markets requires companies to navigate complex regulatory frameworks, including certifications for sustainability, food safety, and labor laws.

Tax Incentives for Market Stability – Some companies advocate for tax reductions for firms that demonstrate long-term market stability and compliance.

Government and Industry Collaboration – HCs benefit from stronger engagement with policymakers to influence regulations, particularly regarding sustainability and innovation incentives.

The primary development needs of Hidden Champions revolve around improving managerial competencies, accessing diversified financing options, and enhancing regulatory compliance. A significant challenge remains in fostering better relations with banks and securing improved crediting opportunities to support their growth. Strengthening these areas would enable HCs to maintain competitiveness and drive sustainable expansion.

4. Identified Hidden Champions in the EBRD Region

“*” Denotes HC companies identified in 2019.

Albania

Mare Adriatik*	<p>Industry: Fish processing.</p> <p>Niche Market Leadership: No. 1 in the Southwestern Balkans for anchovy and sardine processing and export.</p> <p>Mare Adriatik Ltd. is Albania’s leading seafood processing and exporting company, specializing in the collection, processing, and packaging of anchovies and sardines from the Adriatic Sea. The company supplies major European supermarkets and holds an 80% market share in the</p>
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	Southwestern Balkans, making it the number one company in this segment. With an annual processing capacity of 5,000 tons of fish, it competes primarily with Italian and Moroccan firms in the European market. Mare Adriatik's competitive advantage lies in its cutting-edge technology, strategic location, and cost-efficient production, ensuring premium-quality seafood rich in omega-3 oils.
Alb Kalustyan *	<p>Industry: Agriculture (Medicinal Herbs & Essential Oils).</p> <p>Niche Market Leadership: No. 1 in Albania and the Southwestern Balkans for bio-medicinal herbs and essential oils.</p> <p>Alb Kalustyan is the leading Albanian company in the collection, processing, and export of organic medicinal herbs and essential oils, primarily serving the USA and EU markets. Holding a 75% market share in the region, it is the largest exporter of herbal essences in Albania, offering over 26 varieties of organic plants and oils. As a joint venture with the American Kalustyan company, it integrates modern technology with traditional methods, ensuring the highest food safety standards. The company's focus on sustainable harvesting and processing makes it a top supplier for the global pharmaceutical and natural health industries.</p>
Venice Art Masks Factory*	<p>Industry: Artisan & Decorative Mask Production.</p> <p>Niche Market Leadership: No. 1 in Europe for handmade Venetian-style masks.</p> <p>Venice Art Masks Factory is Europe's leading producer of high-end, handcrafted Venetian-style masks, exporting to key markets like Venice, Las Vegas, and Australia. With an 80% market share in Europe, it is renowned for preserving centuries-old Venetian craftsmanship while introducing innovative decorative techniques. The company never replicates a design, making each mask a unique artwork. By maintaining exceptional quality standards and training artisans in traditional skills, Venice Art secures its position as a top-tier supplier for collectors, theater productions, and luxury event organizers worldwide.</p>

Armenia

The Crowdfunding Formula (TCF)	<p>Industry: Marketing & PR (Crowdfunding Campaign Management).</p> <p>Niche Market Leadership: Top 3 globally in crowdfunding marketing.</p> <p>The Crowdfunding Formula (TCF) is a leading global marketing and PR agency specializing in crowdfunding campaigns, helping innovators launch products on platforms like Kickstarter and Indiegogo. Since its official establishment in 2017, TCF has become one of the top three firms in its sector, with its campaigns averaging \$1.1 million in funding, far exceeding the industry norm of \$20,000. The company's success is built on highly specialized teams, innovative risk-sharing financial models, and agile marketing strategies. TCF is particularly dominant in high-value product launches, setting a new standard in the industry.</p>
Krisp	<p>Industry: AI & Technology (Noise Cancellation & Transcription).</p> <p>Niche Market Leadership: No. 1 in AI-driven noise cancellation for professionals and small teams.</p> <p>Founded in 2017, Krisp is the global leader in AI-driven noise cancellation</p>

	and transcription technologies, designed to enhance productivity for professionals and remote teams. The company's on-device AI-powered solutions provide superior privacy, performance, and cost-efficiency, with a gross margin of 97%—far above industry averages. Krisp's market leadership stems from its proprietary AI models, strategic partnerships, and deep technical expertise, making it the preferred solution for businesses integrating meeting note automation, real-time audio enhancements, and AI-powered speech recognition. Its desktop application and enterprise integrations have positioned Krisp as the leading provider of AI-driven audio solutions in the global productivity tools market.
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Azerbaijan

"Azerstar" LLC	<p>Industry: Agriculture (Hazelnut Processing & Export).</p> <p>Niche Market Leadership: One of the top hazelnut processors and exporters in Azerbaijan.</p> <p>Azerstar LLC is one of Azerbaijan's leading processors and exporters of high-quality hazelnuts, primarily supplying markets in Italy, Germany, and Russia. Established in 2006, the company is recognized for its premium hazelnuts from the Zaqatala region, known for their superior taste and high yield. Despite challenges in recent years, Azerstar remains a key supplier in the European market and is actively expanding into new territories. Competing with Turkish, Italian, and U.S. hazelnut companies, Azerstar leverages its high product quality, modern processing technology, and cost-efficient production to maintain its competitive edge.</p>
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Bosnia and Herzegovina

Artisan	<p>Industry: Furniture Manufacturing (Handcrafted Solid Wood Furniture).</p> <p>Niche Market Leadership: No. 1 in Bosnia and Herzegovina for high-end handcrafted furniture, strong presence in Benelux and South Korea.</p> <p>Artisan is a premium manufacturer of handcrafted solid wood furniture, blending modern design with retro aesthetics. Established in 2007, it has become the fastest-growing high-end furniture brand from Bosnia and Herzegovina and one of the leading European brands in its niche. With over 96% of production dedicated to exports, Artisan dominates key markets such as Benelux and South Korea, where its craftsmanship and design excellence are highly valued. Artisan's exclusive collaborations with world-class designers, strong brand equity, and commitment to quality solidify its leadership in luxury handcrafted furniture.</p>
Emerus	<p>Industry: Manufacturing (Aluminum Extrusion & Processing).</p> <p>Niche Market Leadership: Leading European provider of mechanically processed aluminum products.</p> <p>Emerus is one of Europe's top manufacturers of extruded aluminum profiles and mechanically processed aluminum products, serving industries such as construction, automotive, and transportation. Established in 2015, the company differentiates itself through sustainability, technological innovation, and lean manufacturing practices. Its in-house toolmaking</p>

	department and use of solar energy ensure efficient production with a carbon footprint below the European average. Emerus' high precision, customer diversification, and continuous investment in cutting-edge facilities position it among the top European companies in the aluminum processing industry.
Mladegs Pak	<p>Industry: Food Processing (Condiments, Sauces & Packaged Foods).</p> <p>Niche Market Leadership: Leading manufacturer in Bosnia and Herzegovina for sauces and condiments, major supplier for European private labels.</p> <p>Mladegs Pak is a leading food producer in Bosnia and Herzegovina, offering over 400 high-quality food products under its Bonito and Dominus brands. The company is also a major private-label manufacturer for European retail giants such as Lidl, Aldi, Rewe, and SPAR. Its market leadership stems from product customization, a strong international presence in over 15 countries, and the ability to adapt recipes to local tastes. With a focus on high-quality ingredients, continuous investment in technology, and the world's highest food safety certifications, Mladegs Pak maintains a dominant position in the regional and European food industry..</p>
Wagner Automotiv	<p>Industry: Metal Processing (Aluminum Casting for the Automotive Industry).</p> <p>Niche Market Leadership: Leading aluminum processing company in Bosnia and Herzegovina, key supplier to European Tier 1 automotive suppliers.</p> <p>Wagner Automotiv is a premier manufacturer of aluminum components for the European automotive industry, specializing in high-pressure die casting for Mercedes, BMW, Audi, VW, and Ferrari. Established in 2012 as a joint venture between TMD AGS Ltd (Bosnia and Herzegovina) and Wagner Waldstatt AG (Switzerland), the company delivers 90% of its production to EU-based Tier 1 suppliers. Its vertical integration, in-house tool shop, and technological expertise in aluminum processing provide a distinct market advantage. Wagner Automotiv's strategic location and ability to rapidly adapt to supply chain shifts make it a top choice for global automotive manufacturers.</p>

Bulgaria

LEX GROUP	<p>Industry: Trade in Household Goods (Built-in Appliances & Kitchen Washing Systems).</p> <p>Niche Market Leadership: No. 1 in the Balkans for built-in household appliances and kitchen washing systems.</p> <p>LEX GROUP is the leading importer and distributor of built-in household appliances and kitchen washing systems in the Balkans, with operations in Bulgaria, Serbia, North Macedonia, Montenegro, and Kosovo. Established in 1989, it initially grew as the exclusive representative of the Italian brand FABER before expanding its presence through its own brands, Eurolux and Lino. With a dominant market position, a strong logistics and service network, and a strategic focus on product innovation and customer relationships, LEX GROUP has successfully adapted to economic</p>
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	fluctuations and crises, solidifying its reputation as a “hidden champion” of Bulgaria in its specialized niche.
Kinetik Automotive	<p>Industry: Electric Vehicle Manufacturing (Electric Go-Karts & STEM Educational Kits).</p> <p>Niche Market Leadership: Global pioneer in electric karting and STEM education solutions.</p> <p>Kinetik Automotive is one of the world’s first companies specializing in electric go-kart platforms, filling a critical gap in electric motorsports where no structured training base exists for future pilots. The company is also a pioneer in STEM education, offering hands-on electric karting kits for students to explore engineering, electronics, and mechatronics. With proprietary telemetry, cloud-based controls, and potential graphene battery integration, Kinetik Automotive is revolutionizing affordable, adaptable, and environmentally sustainable electric karting. Despite operating in a highly specialized industry with only a handful of competitors, Kinetik aims to capture 12.1% of the global electric kart market and establish itself as a market leader..</p>

Croatia

Agrivi	<p>Industry: AgTech – Digital Agriculture (Farm Management Software & Analytics).</p> <p>Niche Market Leadership: Leading European provider of digital agriculture solutions.</p> <p>Agrivi is a global frontrunner in farm management software and analytics, specializing in agricultural digitalization for farmers, enterprises, and food producers. With strong brand recognition and product adaptability, Agrivi has 0.2% of the global market share, exceeding most competitors in the fragmented AgTech market. With significant investments in R&D, tailored IT solutions for various crop types, and a strong focus on sustainability, Agrivi has positioned itself as a trusted partner for digital transformation in agriculture, driving efficiency, profitability, and regulatory compliance.</p>
Farseer	<p>Industry: Financial Planning & Analysis (FP&A) Software.</p> <p>Niche Market Leadership: Leading European third-generation cloud-based FP&A provider.</p> <p>Farseer is one of the top 5 FP&A software providers in the region, competing with global giants like Oracle, IBM, and SAP. It is part of the third generation of planning solutions, which are exclusively cloud-based, faster to implement, and more user-friendly. Farseer’s high degree of customization, AI-driven analytics, and real-time data processing set it apart from traditional competitors. By focusing on customer-centric solutions and strategic market expansion, Farseer is poised to reshape the global FP&A market, with ambitions to expand beyond the regional level.</p>
ORQA Ltd	<p>Industry: FPV (First-Person View) Drone Technology & Electronics.</p> <p>Niche Market Leadership: Top 5 global FPV headset producer, No. 1 non-Chinese brand.</p> <p>ORQA is a global leader in FPV technology, developing high-performance FPV drone headsets, controllers, and video transmission systems. Unlike</p>

	most competitors, ORQA owns and controls the entire technology stack, making it the only fully vertically integrated FPV brand outside of Asia. With 7% of the global FPV headset market, ORQA competes directly with Chinese giants like DJI, Skyzone, and iFlight. The company is expanding beyond consumer and racing drones into B2B and B2G markets, including police, military, and security applications.
RASCO Ltd	<p>Industry: Manufacturing (Road & Traffic Infrastructure Maintenance Equipment).</p> <p>Niche Market Leadership: Global No. 4 in winter and summer traffic infrastructure maintenance.</p> <p>RASCO is a leading European manufacturer of professional equipment for road maintenance, providing snow plows, salt spreaders, sweepers, mowers, and washing systems to over 43 countries. The company has a 10% global market share and is the market leader in Norway, Ukraine, and parts of Central and Eastern Europe. RASCO's success is driven by continuous investment in R&D, high-quality engineering, and a strong focus on after-sales service. Its customer-centric approach, rapid customization, and robust product innovation have helped it triple export sales and solidify its position as a hidden champion in the road maintenance sector.</p>

Estonia

Milrem	<p>Industry: Defense Robotics (Unmanned Ground Vehicles - UGVs).</p> <p>Niche Market Leadership: Global leader in unmanned ground vehicles (UGVs) for defense applications.</p> <p>Milrem Robotics is the leading global provider of UGVs, competing with major defense companies such as Rheinmetall (Germany), General Dynamics (USA), and IAI (Israel). By sales volume, Milrem is the No. 1 provider of UGVs worldwide. The company's first-mover advantage, agility, and close collaboration with defense partners have positioned it as a pioneer in autonomous ground combat and logistics vehicles. Expansion efforts in Europe, the United States, the Middle East, and Africa are driven by its partnership with the UAE's EDGE Group, which holds a 54% stake in the company.</p>
Ready Player Me	<p>Industry: Metaverse & Gaming (Cross-Platform Avatar Solutions)</p> <p>Niche Market Leadership: Global leader in cross-platform avatars for small & mid-size game developers</p> <p>Ready Player Me (RPM) specializes in cross-platform avatars, allowing users to maintain a consistent digital identity across games. The company focuses on independent game developers, offering a cost-saving alternative to developing in-house avatars. Unlike competitors who restrict avatars to closed ecosystems, RPM enables open interoperability. The company has secured €55M in funding from Andreessen Horowitz and other investors, allowing it to expand into the metaverse economy, NFTs, and cryptocurrency integrations.</p>

Starship Technologies	<p>Industry: Robotics & Autonomous Last-Mile Delivery.</p> <p>Niche Market Leadership: No. 1 global leader in autonomous last-mile delivery robots.</p> <p>Starship Technologies is the world's leading autonomous sidewalk delivery robot company, having completed over 6 million deliveries across 12 million kilometers. Competing against Serve, Cartgen, and Kiwibot, Starship has a multi-fold advantage over its nearest competitor. It operates in six countries and 75+ locations, including U.S. university campuses, retail partnerships, and industrial delivery applications. The company's proprietary AI-driven autonomous systems, experience in diverse environments, and scalable commercial model give it a significant competitive edge.</p>
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Georgia

TBILVINO	<p>Industry: Wine Production.</p> <p>Niche Market Leadership: No. 1 wine producer and exporter in Georgia.</p> <p>Tbilvino, founded in 1962, has emerged as Georgia's leading wine producer and exporter, known for its commitment to quality, tradition, and innovation. Under the leadership of Zurab and Giorgi Margvelashvili, the company has successfully positioned itself as a key player in the international wine market. Despite challenges such as inflation, geopolitical tensions, and rising production costs, Tbilvino continues to expand its presence in over 30 international markets.</p>
Tegeta Motors	<p>Industry: Automotive Aftermarket.</p> <p>Niche Market Leadership: Georgia's No. 1 provider of automotive products and services.</p> <p>Established in 1995, Tegeta Motors dominates Georgia's automotive aftermarket sector, offering car maintenance, spare parts, lubricants, batteries, and tires. With 30 service stations and up to 2,000 employees, the company holds a 25-30% market share, far surpassing competitors. Its investment in innovation, digitalization, and customer service training has allowed Tegeta to set new industry standards in Georgia.</p>

Hungary

MCULE.COM KFT.	<p>Industry: Wholesale of Chemical Products.</p> <p>Niche Market Leadership: Top 3 provider in the EU, Top 4 globally in pharmaceutical research chemicals.</p> <p>Founded in 2011, Mcule.com Kft. is an online marketplace and service provider for pharmaceutical research compounds. With a global market share of 10%, Mcule has rapidly expanded, earning recognition from The Financial Times as one of the 1000 fastest-growing European companies in 2021, 2022, and 2023. Mcule distinguishes itself by combining chemical informatics expertise, a strong research background, and solution-based services, setting it apart from competitors who primarily focus on trade.</p>
MERTCONTROL Group	<p>Industry: Professional, Scientific, and Technical Activities.</p> <p>Niche Market Leadership: Leading testing, inspection, and certification (TIC) provider in Hungary and Slovakia, with a strong foothold in Central</p>

	<p>Eastern Europe.</p> <p>Established in 1996, Mertcontrol Group specializes in agricultural crop testing, inspection, and certification, serving food and agricultural producers across Central and Eastern Europe. The company's integrated portfolio, covering testing, inspection, certification, and consulting, makes it a unique market player. With over 60 years of industry expertise, Mertcontrol prioritizes prudent management, personalized client relationships, and proactive service solutions to maintain its leading position..</p>
PALLET SOLUTION KFT.	<p>Industry: Sale of Timber and Building Materials.</p> <p>Niche Market Leadership: Nearly 50% market share in Central Eastern Europe for used GitterBox rental.</p> <p>Since 2001, Pallet Solution Kft. has become a key player in the sales and rental of used pallets and GitterBoxes, serving automotive, logistics, retail, pharmaceutical, and food & beverage industries. The company has successfully capitalized on economic downturns by providing cost-effective storage solutions. A strong supplier network, cautious cost management, and a focus on organic growth have been critical in its expansion, leading to recognition from The Financial Times as one of the 1000 fastest-growing European companies in 2022 and 2023.</p>
Julius-K9	<p>Industry: Manufacture of Luggage, Handbags, and Dog Harnesses.</p> <p>Niche Market Leadership: European leader in high-quality dog harnesses.</p> <p>Founded in 1997, Julius-K9 has established itself as a pioneer in the high-quality dog harness market, recognized for its patents, innovative solutions, and premium materials. Despite facing increased competition from low-cost Chinese manufacturers, the company continues to focus on flexible production, brand strength, and expansion into the US market. Intellectual property protections, over 160 trademarks, and continuous product development have helped Julius-K9 maintain its reputation for quality and innovation.</p>

Kazakhstan

Parqour	<p>Industry: Parking Management.</p> <p>Niche Market Leadership: 90% market share in Kazakhstan, leading smart parking provider in the SPECA subregion.</p> <p>Founded in 2020, Parqour has rapidly grown to become the leading provider of smart parking solutions in Central Asia, the Caucasus, and beyond. With operations in Kazakhstan, Uzbekistan, Dubai, and other international markets, the company specializes in automated parking systems (APS) with AI-driven license plate recognition. Parqour stands out as the only major exporter of smart parking technology from Kazakhstan, combining urban efficiency, environmental sustainability, and advanced user experience.</p>
Clockster	<p>Industry: Staff Management Solutions.</p> <p>Niche Market Leadership: Kazakhstan's leading provider of automated HR solutions for HoReCa and retail.</p> <p>Since 2018, Clockster has pioneered HR automation solutions in</p>

	Kazakhstan, specializing in time tracking, shift automation, payroll management, and operational checklists. With strong market potential in Southeast Asia, particularly in the Philippines and Indonesia, the company distinguishes itself from competitors by offering a fully integrated HRM system rather than individual tools. Clockster is the most expensive provider in its niche due to its advanced AI-driven customization, deep functionality, and premium service offerings.
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Kosovo

Koshi Group*	<p>Industry: Carbon Fiber Products Manufacturing.</p> <p>Niche Market Leadership: Global leader in aftermarket carbon fiber products for automotive and marine industries.</p> <p>Founded in 2014, Koshi Group LLC has emerged as a global leader in manufacturing high-end carbon fiber components. Despite being based in Kosovo, 100% of its products are exported worldwide, serving luxury automotive brands such as Alfa Romeo, Fiat, Lamborghini, and Porsche. The company has expanded beyond automotive products, launching the Interstellar 32 offshore fishing vessel, an innovative 100% carbon fiber boat designed for durability, lightweight efficiency, and high performance. Koshi Group's competitive advantage lies in its use of Prepreg Carbon Fiber, sourced from Delta-Preg (supplier for Ferrari and Lamborghini), and advanced Autoclave curing technology. Its broad portfolio includes jewelry, vehicle interior and exterior enhancements, and performance parts, setting it apart in the global carbon fiber industry.</p> <p>While export policies and Kosovo's landlocked geography create challenges, Koshi Group continues to lead through innovation, proprietary technology, and highly skilled craftsmanship. Its next project, the Koshi 51" monohull boat, aims to break records, reaching speeds over 100 knots.</p>
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Latvia

Primekss*	<p>Industry: High-Performance Concrete Production.</p> <p>Niche Market Leadership: Global innovator in fibre-reinforced concrete technology.</p> <p>Founded in 1997, PRIMEKSS SIA has positioned itself as a leader in high-performance concrete production with a strong presence in Baltic and Northern European markets. The company has expanded into Israel, the United States, and India, competing with XTM, Twintec Group, and Linatel. Its PrimeComposite technology, a high-performance fibre-reinforced concrete, eliminates the need for traditional steel reinforcement, reducing material use, shrinkage cracks, and CO₂ emissions by up to 70%. This makes PRIMEKSS a leader in sustainable construction, particularly as green building solutions gain traction globally.</p> <p>With 280 employees and €49 million in revenue (2022), PRIMEKSS continues to scale internationally. The company has developed a strong in-house technical team but now prioritizes managerial training, delegation, and project management skills to sustain its growth. The company also advocates for tax reductions for stable market players.</p>
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Peruza*	<p>Industry: Machinery for Food, Beverage, and Tobacco Processing.</p> <p>Niche Market Leadership: Global provider of fish processing and automated production solutions.</p> <p>Founded in 1991, PERUZA has evolved into a leading innovator in food processing automation, with a 10-15% global market share in small fish processing. Originally specializing in fish processing, the company has expanded into pumpkin processing, spinach washing, box conveying, weight batching, and robotics-based automation.</p> <p>With a strong export network in the EU, Brazil, China, Japan, and Thailand, PERUZA has found particular success in Southeast Asia, especially in the Philippines. Its commitment to quality, customer-centric innovation, and automation has secured its status as a trusted partner in the food production industry.</p> <p>PERUZA's competitive edge comes from constant innovation, detailed customization, and strong customer relationships. The company invests in R&D, training young specialists, and prioritizing long-term client success through custom-designed solutions.</p>
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Lithuania

VILIMED (former Fidens) (ViLim Ball)	<p>Industry: Medical Devices (Tremor Reduction Technology).</p> <p>Niche Market Leadership: Pioneering non-invasive therapy for essential tremors, Parkinson's disease, and rheumatoid arthritis.</p> <p>Founded in 2014, VILIMED has introduced ViLim Ball, a patented medical device that reduces hand tremors and morning stiffness. With no direct global competitors, it provides a non-invasive, innovative solution for patients suffering from neurological and autoimmune conditions.</p> <p>With €0.51M in revenue (2024) and a team of 10, the company exports 95% of its products, primarily to the EU, the Middle East, and the US. Its CE certification and strong scientific foundation give it a competitive edge.</p>
J&C Aero	<p>Industry: Aircraft Interior Engineering & Manufacturing.</p> <p>Niche Market Leadership: One of the top five EU aircraft interior firms; leader in CEE region.</p> <p>Founded in 2012, J&C Aero has positioned itself as a leading end-to-end aviation interior solutions provider, specializing in cabin interiors, CAMO engineering, modifications, and certified repair services. The company is particularly strong in customized aircraft interiors for leasing companies, a sector requiring precision engineering and compliance with strict aviation safety standards.</p> <p>With €18.5M in revenue (2023) and 163 employees, J&C Aero has expanded globally, opening a 3,600 sqm facility near Vilnius Airport in 2024 and an office in Ireland to overcome Lithuania's engineering workforce shortages.</p> <p>A key competitive advantage is its agility and specialization, offering custom aircraft interior solutions when larger manufacturers like Airbus and Boeing struggle with supply chain delays. J&C Aero is highly certified with EASA Part 21J, Part 21G, and Part 145 approvals, making it a trusted name in aviation.</p>

	The company has developed globally unique products such as the Jump Seat Duo, a first-of-its-kind accessibility solution for Passengers with Reduced Mobility (PRM).
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Moldova

Noction *	<p>Industry: Information & Communication (Network Intelligence Technologies).</p> <p>Niche Market Leadership: Advanced BGP network optimization and traffic analysis solutions.</p> <p>Founded in 2011, Noction is a pioneer in network intelligence, providing cutting-edge internet routing solutions that enhance performance for e-commerce, VoIP, and media streaming applications. Their intelligent Internet routing platform has been a market leader for over four years, offering a superior algorithm-driven approach compared to competitors. With 75 employees in 2022, Noction competes against US-based firms with higher operational costs, allowing them to provide cost-efficient, high-performance solutions. The launch of Noction Flow Analyzer (NFA) further strengthens its competitive position in network traffic analysis.</p>
Santino-Service *	<p>Industry: Plastic Products Manufacturing & Trade.</p> <p>Niche Market Leadership: Moldova's #1 household plastics manufacturer with 80% market dominance.</p> <p>Founded in 2003, Santino-Service is the undisputed leader in Moldova's plastic household goods sector, holding 80% market share and expanding internationally. It commands 20% of the Romanian market, with growing exports to Ukraine, the EU, and the US.</p> <p>Santino has successfully created a middle-segment product category between low-cost and premium plastic goods, leveraging industrial design expertise, patented innovations, and high-quality production methods.</p>
Axedum	<p>Industry: Poultry Processing & Preservation.</p> <p>Niche Market Leadership: Most efficient poultry slaughterhouse in Moldova, controlling 30% of domestic market.</p> <p>Founded in 1997, Axedum has built a fully integrated closed-circuit poultry farm, controlling every stage of production, from feed cultivation to meat processing and organic fertilizer production. This vertical integration ensures high product quality and ecological sustainability.</p> <p>With a 30% market share before 2022, Axedum expanded from 4 to 19 production halls. However, the war in Ukraine led to a drop to 16% market share due to the removal of import quotas, allowing lower-cost Ukrainian meat to flood the market.</p>
Salamer	<p>Industry: Meat Processing & Sausage Production.</p> <p>Niche Market Leadership: Top 3 salami & meat delicacy producer in Moldova with 67 retail stores.</p> <p>Founded in 1999, Salamer dominates the Moldovan market with a modern production facility, capable of producing 50+ tons of meat products daily, supplying its own nationwide retail network. This eliminates intermediaries, ensuring greater cost control and product quality.</p> <p>Salamer's competitive advantage lies in strict European-standard hygiene</p>

	and safety compliance, targeted product development for different consumer demographics, and commitment to all-natural meat processing without additives.
Tiferet	<p>Industry: Frozen Fruits & Berries Export.</p> <p>Niche Market Leadership: Moldova's leading frozen fruit & berry exporter with 95% EU market share.</p> <p>Founded in 2014, Tiferet has positioned itself as a key B2B supplier of frozen raspberries, blackberries, currants, plums, apricots, and cherries. Despite being a core Moldovan export company, it still holds a relatively small share in the EU due to market fragmentation.</p> <p>Tiferet differentiates itself through high-quality freezing technology, strong customer relationships with continuous feedback loops, and competitive pricing.</p>

Mongolia

MONOS COSMETICS	<p>Industry: Beauty & Personal Care.</p> <p>Niche Market Leadership: Mongolia's top cosmetics manufacturer with 60% market share.</p> <p>Founded in 1990, Monos Cosmetics leads the Mongolian beauty market, offering natural, locally sourced skincare and haircare products. With \$4.7M in sales revenue in 2023, the company has expanded to Kyrgyzstan, with plans to enter other Central Asian markets.</p> <p>Monos differentiates itself by combining traditional Mongolian ingredients (such as sheep's tail oil and sea buckthorn) with modern beauty technology. Its organic formulations are tailored for extreme climates, providing a unique regional competitive advantage.</p>
URECA	<p>Industry: Environmental Services.</p> <p>Niche Market Leadership: AI-powered carbon credit trading & "Coal to Solar" energy transition initiative.</p> <p>Founded in 2022, URECA is a climate tech startup revolutionizing greenhouse gas reduction measurement and verification using AI. The company's flagship "Coal to Solar" project enables Mongolian households in ger districts to transition from coal-based heating to solar power, generating carbon credits that can be traded globally.</p> <p>URECA is uniquely positioned with no direct global competitors, offering data-driven solutions to combat climate change while fostering economic opportunities for low-income households.</p>
LHAMOUR	<p>Industry: Organic Beauty.</p> <p>Niche Market Leadership: Mongolia's first organic, handmade cosmetics brand with a strong international presence.</p> <p>Founded in 2014, Lhamour pioneered organic cosmetics in Mongolia, using locally sourced ingredients such as sea buckthorn, rosehip, yak milk, and beeswax. The brand has gained global recognition, securing exports to the USA, Japan, Taiwan, and Amazon.</p> <p>Unlike mass-market competitors, Lhamour focuses on sustainability by adopting Zero Waste initiatives, recycled packaging, and community-driven social impact projects.</p>

Montenegro

Domen*	<p>Industry: Internet Domain Registration & Digital Services.</p> <p>Market Leadership: #1 in Europe for country-code Top-Level Domain (ccTLD) registrations outside its home country.</p> <p>Founded in 2008, Domen Ltd. is Montenegro's official registry operator for the .ME domain, one of the most internationally successful country-code Top-Level Domains (ccTLDs). Unlike traditional ccTLDs, .ME domains are globally used for personal branding and action-oriented websites (e.g., pay.me, love.me, join.me). The company has successfully positioned .ME as a global domain brand, with 1.28 million registrations worldwide.</p>
Marina Porto Montenegro*	<p>Industry: Luxury Marina & Tourism.</p> <p>Market Leadership: #1 super-yacht and mega-yacht marina in the Adriatic Sea.</p> <p>Founded in 2006, Marina Porto Montenegro is the premier homeport for super-yachts and mega-yachts up to 250m in length, making it the most exclusive marina of its kind in the Adriatic region. Located in the protected Boka Bay, the marina provides a full-service ecosystem for yacht owners, including luxury real estate, retail, international schools, and hospitality. Despite challenges like COVID-19, the Ukraine war, and tax regulation changes, Porto Montenegro has maintained its Platinum Marina status, an elite global recognition.</p>

Morocco

Inadis	<p>Industry: Lighting & Electricity.</p> <p>Market Leadership: Top 2 lighting solutions provider in Morocco, with 10% market share.</p> <p>Inadis is one of Morocco's leading lighting solutions providers, specializing in the import, distribution, and retail of high-quality lighting products. Since its founding in 2012, the company has established a strong distribution network through 10 franchise locations, three flagship stores in Casablanca, and partnerships with Bricoma (Morocco) and Brillant (Germany). Inadis focuses on offering a diverse and constantly evolving product catalog, launching 300-350 new products annually to meet evolving consumer and industrial demands.</p> <p>Despite external challenges like the COVID-19 pandemic and global supply chain disruptions, Inadis has remained resilient through strategic stockpiling and expansion investments, positioning itself as a regional leader in lighting solutions.</p>
PlastikPack	<p>Industry: Plastic Packaging Manufacturing.</p> <p>Market Leadership: #1 in Moroccan plastic packaging (30% market share in injection molding & blow molding).</p> <p>Founded in 2015, PlastikPack has quickly become Morocco's leading manufacturer of industrial plastic packaging, specializing in the production of drums and crates for major sectors like oil, chemicals, and food</p>

	<p>processing. The company is part of the European PlastikPack Group, with operations in France, Poland, Slovenia, Italy, Germany, and future expansion plans in Senegal and Spain.</p> <p>Despite challenges such as raw material price fluctuations due to the Ukraine war, PlastikPack has remained financially strong and has successfully capitalized on increased demand for food packaging post-pandemic. The company's sustainable growth strategy and strong industry partnerships will continue to fuel its market leadership.</p>
Seprob	<p>Industry: Construction & Public Works.</p> <p>Market Leadership: #1 manufacturer of engineering structures in Morocco. With over 55 years of experience, Seprob is a market leader in large-scale civil engineering projects, specializing in highway construction, dams, public infrastructure, industrial buildings, and waterworks. The company was the first to join Morocco's national highway projects program and has expanded internationally, completing major projects in Ethiopia and Libya. Despite facing fluctuating raw material costs and COVID-19-related supply chain issues, it continues to be a dominant force in Morocco's engineering and construction industry. With its strong market reputation, strategic expansion efforts, and commitment to quality, the company remains the top choice for major infrastructure projects in the region.</p>

North Macedonia

Korab Trnica	<p>Industry: Dairy Manufacturing.</p> <p>Market Leadership: #1 in traditional dairy products in North Macedonia; ~15% market share in niche cheese categories.</p> <p>Korab Trnica is the leading producer of traditional dairy products in North Macedonia, specializing in cheese, milk, yogurt, and sour milk. With a history dating back to 1945, the company has maintained a strong commitment to quality, tradition, and sustainability. It differentiates itself by controlling the entire dairy production process, from sourcing milk from free-range livestock in the Korab mountain region to ensuring premium natural ingredients. The company has a strong domestic presence and exports to Serbia, Montenegro, and Kosovo, expanding its market influence in the Balkans.</p> <p>Korab Trnica remains North Macedonia's leading brand in traditional dairy, with ambitions to expand product lines and improve digital marketing efforts for further regional growth.</p>
Mermer Imperijal	<p>Industry: Construction & Marble Processing.</p> <p>Market Leadership: #1 supplier of Bianco Sivec marble in North Macedonia; ~50% market share in regional marble exports.</p> <p>Mermer Imperijal is a dominant force in marble processing and sales in North Macedonia and the Balkans, specializing in high-quality Bianco Sivec marble. The company operates a state-of-the-art production facility in Prilep, strategically located near key marble quarries and the Thessaloniki port, allowing efficient exports to Europe, Asia, and the Middle East.</p> <p>Despite challenges from the pandemic and rising energy costs, Mermer Imperijal is focused on expanding production, increasing exports, and</p>

	strengthening its digital presence to maintain its position as the top marble supplier in the region.
Ading *	<p>Industry: Chemical Manufacturing for Construction.</p> <p>Market Leadership: #1 producer of construction chemicals in Southeast Europe (SEE); dominant in waterproofing, concrete admixtures, and protective coatings.</p> <p>With a history dating back to 1969, Ading is the largest manufacturer of construction chemicals in North Macedonia and a market leader in SEE. The company specializes in admixtures, mortars, waterproofing solutions, protective coatings, and adhesives that extend the lifespan and durability of concrete structures. To maintain its leading position, Ading is expanding R&D, investing in new product lines, and strengthening its partnerships with universities and engineering firms across the Balkans.</p>
Mikrosam *	<p>Industry: Manufacturing – Advanced Composites & Robotics.</p> <p>Market Leadership: #1 integrated composite manufacturing solutions provider in the Balkans, among the top global players for automated fiber placement (AFP) and filament winding machinery.</p> <p>Founded in 1990, Mikrosam is a world leader in designing and manufacturing highly automated, engineered-to-order machines for composite material production. It is a key supplier of filament winding, fiber placement, pre-preg, and automated composite machining systems used in aerospace, automotive, hydrogen storage, and renewable energy industries. The company operates in over 43 countries and has installed more than 300 production lines worldwide, making it one of the most competitive composite automation providers globally.</p>

Poland

MB Pneumatyka Sp. z o.o.	<p>Industry: Automotive – Air Brake & Pneumatic Systems.</p> <p>Market Leadership: #1 in Poland with 80% market share; among the top four manufacturers in Europe for pneumatic connectors for commercial vehicles.</p> <p>Founded in 2002, MB Pneumatyka specializes in designing and manufacturing couplings and connectors for pneumatic brake systems in heavy commercial vehicles. The company has a dominant position in Poland and is a major European player, competing with industry leaders like Raufoss. Known for innovation, customer-centric solutions, and ethical leadership, MB Pneumatyka has established a strong global presence, including a new production facility in India to tap into emerging markets.</p>
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Romania

Electra*	<p>Industry: Electronics – Access Control & Communication Equipment.</p> <p>Market Leadership: #1 in Romania with 80% market share; leading Eastern European player in access control and interphone systems.</p> <p>Founded in 1991, Electra Group dominates Romania's intercom, video door phone, and access control market, expanding its footprint across</p>
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	Austria, Germany, Switzerland, Belgium, Northern Africa, the UK, Poland, and Moldova. The company integrates research, design, manufacturing, and service, ensuring superior quality and reliability that outperforms Eastern European and Asian competitors.
RomSoft*	<p>Industry: Software Development – Healthcare, AI, Blockchain.</p> <p>Market Leadership: Leading Romanian software provider in medical technology and blockchain solutions; key player in European eHealth projects.</p> <p>Founded in 2001, Romsoft specializes in customized software solutions, with 40% of revenue from the medical industry and expertise in AI, machine learning, and blockchain. As a hidden champion, Romsoft integrates its technology into major global medical corporations while maintaining strong ties to international research projects in eHealth, data privacy, and digital transformation.</p>
Sanodor	<p>Industry: Textile Manufacturing – Wool Bedding.</p> <p>Market Leadership: #1 in Romania for premium wool duvets; leading niche player in high-end natural bedding in the EU and UK.</p> <p>Founded in 2014, Sanodor specializes in producing 100% natural, sustainable, and high-quality wool duvets, pillows, and bed linen, offering superior thermoregulation and comfort. The company has positioned itself as a niche market leader in Romania, serving eco-conscious consumers and premium bedding markets in the UK, USA, and EU. Sanodor's customized wool processing technology removes odors and enhances the comfort of its products, distinguishing them from competitors.</p>

Serbia

BG Reklam*	<p>Industry: Printing & Retail Marketing Solutions.</p> <p>Market Leadership: #1 in Southeast Europe for premium permanent Point-of-Sale Materials (POSM).</p> <p>Founded in 2001, BG Reklam is the market leader in high-quality, permanent POS materials, creating illuminated and interactive solutions for top retail brands. The company specializes in custom, premium POSM that enhances customer engagement and brand visibility at the point of sale. With a fully integrated production process under one roof, BG Reklam provides a turnkey solution to clients, handling everything from design to installation.</p>
Uniplast*	<p>Industry: Plastic Packaging for Pharmaceuticals & Cosmetics.</p> <p>Market Leadership: #2 in the Western Balkans for pharmaceutical and medical packaging; #1 in Southeast Europe for active packaging with silver ions.</p> <p>Founded in 1991, Uniplast is a leader in high-quality plastic packaging for the pharmaceutical, medical, and cosmetic industries. Since 2018, it has pioneered active packaging with silver ion technology, which extends product shelf life and reduces the need for preservatives.</p>
DMV	<p>Industry: Electronics – LED Display Technology.</p> <p>Market Leadership: Top 3 in Europe for customized pictographic LED displays; top 10-20 for customized small-series LED products.</p>

	Founded in 1991, DMV is a specialist manufacturer of LED displays, focusing on traffic signals, smart road signage, and sports scoreboards. Unlike Chinese competitors that dominate mass production and full-color displays, DMV excels in customized, small-series LED solutions, particularly in variable pictographic displays.
Dmiteh	Industry: Machinery – Flexographic Printing. Market Leadership: #1 outside the US for premium flexo printing machines for sausage casings, holding 30-40% of the global market. Founded in 2008, Dmiteh specializes in high-end flexographic printing machines for food packaging, particularly sausage casings. The company produces only four machines per year, each valued at €1 million, making them the most advanced and expensive in the market.

Slovakia

Fosali Ltd.	Industry: Designer Lighting & Fibre Optic Technology. Market Leadership: #1 in Central Europe for custom-made luxury fibre optic chandeliers. Founded in 2015, FOSALI j.s.c. is a family-owned lighting design and manufacturing company that specializes in bespoke fibre optic LED chandeliers. The company's core expertise lies in developing in-house LED technology and combining it with hand-blown glass artistry to create one-of-a-kind luxury lighting solutions.
Gevorkyan j.s.c.	Industry: Powder Metallurgy & Metal Injection Molding. Market Leadership: #1 in Europe for powder metallurgy innovation and custom solutions. Founded in 1997, Gevorkyan j.s.c. has become a global leader in powder metallurgy, specializing in metal injection molding (MIM), hot isostatic pressing (HIP), and additive manufacturing. With a fully integrated R&D lab and high-tech tool shop, Gevorkyan produces over 5 million precision metal parts per month for industries such as engineering, automotive, oil, aerospace, weapons, medical, and cosmetics. The company is recognized as one of the most innovative players in the industry, continuously designing over 150 new products annually.

Slovenia

Qlector	Industry: Artificial Intelligence (AI) & Smart Manufacturing. Market Leadership: #1 in Slovenia for AI-driven digitalization in discrete and process manufacturing. Founded in 2018, Qlector is a leader in AI-powered production optimization, specializing in predictive analytics and intelligent decision-making for manufacturing industries. Developed as a joint venture between Jožef Stefan Institute and Kolektor Group, Qlector bridges cutting-edge AI research with industrial applications.
Arctur	Industry: Supercomputing, AI, & Digital Transformation. Market Leadership: #1 private supercomputing provider in Central Europe. Founded in 1992, Arctur is a leader in high-performance computing (HPC), big data processing, AI, and digitalization. It was the first private company

	in Europe to offer supercomputing as a service, and today, it remains the largest private provider of HPC services in the region.
Dewesoft	<p>Industry: Test & Measurement Systems.</p> <p>Market Leadership: #1 in Slovenia and a global leader in high-precision data acquisition systems.</p> <p>Founded in 2000, Dewesoft is a world-leading provider of test and measurement equipment used by NASA, Tesla, SpaceX, and Formula 1 teams. It specializes in high-precision data acquisition (DAQ) systems for applications in automotive, aerospace, energy, and industrial sectors.</p>

Türkiye

Berkosan Yalıtım ve Tecrit Maddeleri Üretim ve Ticaret A.Ş.	<p>Industry: Thermal & Acoustic Insulation, Packaging, and Industrial Foams.</p> <p>Market Leadership: #1 in Türkiye for non-crosslinked and crosslinked polyethylene insulation and packaging solutions.</p> <p>Founded in 1993, Berkosan Yalıtım is a leading manufacturer of thermal and acoustic insulation materials, industrial foams, and packaging solutions. It was the first Turkish company to produce non-crosslinked polyethylene, polypropylene, and crosslinked polyethylene foams, serving industries such as construction, automotive, plumbing, and electronics.</p>
Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret Anonim Şirketi	<p>Industry: Renewable Energy & Solar Panel Manufacturing.</p> <p>Market Leadership: #2 in Türkiye for solar panel manufacturing, the only company producing solar cells domestically.</p> <p>Founded in 2014, Smart Solar Technologies is a leading company in solar panel and photovoltaic (PV) system manufacturing, expanding its presence across Europe, the Balkans, and beyond. The company operates three manufacturing plants in Türkiye and has subsidiaries in Ukraine, Germany, Spain, the Netherlands, and Bulgaria. By Q4 2024, Smart Solar Technologies will reach an annual production capacity of 2.9 GW of solar modules and 2 GW of solar cells.</p>

Ukraine

BUILDING GUILD OF UKRAINE LLC	<p>Industry: Trade in Construction Materials.</p> <p>Market Leadership: #1 in Ukraine for supplying building materials to the construction industry.</p> <p>Founded in 2007, Building Guild of Ukraine LLC is Ukraine's leading supplier of construction materials, providing high-quality products to builders, developers, and renovators nationwide. The company ensures top-tier service, fast logistics, and competitive pricing, earning the trust of builders across Ukraine.</p>
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Uzbekistan

ERMAK	<p>Industry: Food & Beverage Manufacturing.</p> <p>Market Leadership: #1 in Uzbekistan for packaged sunflower seeds and kurt (fermented dairy snack), expanding to international markets.</p> <p>Founded in 1992, ERMAK revolutionized Uzbekistan's snack food industry, becoming the leading producer of hygienically packaged sunflower seeds, nuts, and dairy-based snacks. It has expanded into organic food products,</p>
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	natural juices, and nut pastes, exporting to the USA, Israel, Kazakhstan, and the Persian Gulf.
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5. Hidden Champion company fiches by countries

Albania

1. Mare Adriatik Ltd.

Overview

Collection, processing, and packaging of anchovies and sardines

Contact: CEO Mark Babani

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Company information

Industry:	Fish processing
Year of establishment:	1995
Sales revenue in 2021	€ 9. 000,000
Sales revenues in 2010:	€ 1,080,000
Sales revenues in 2000:	€ 261,135
Average number of employees in 2021:	600
Average number of employees in 2017:	400
Average number of employees in 2010:	150
Brainer(s) behind the company:	CEO and founder Mark Babani

Nature of market leadership

Mare Adriatik, one of Albania's leading seafood processors and exporters, whose customers include some of Europe's leading supermarkets. Mare Adriatik is one of the largest Albanian processors and exporters to the European market of anchovies and sardines from the Adriatic Sea and is first in the Southwestern Balkan region, in terms of market share.

The company operates in co-operation with Spain, Croatia, and Greece. Adriatic anchovies are very rich in omega-6 oils. The company guarantees high-quality products, processed with craft methods, enabling clients to enjoy authentic bluefish. In 2021, the market share of the company in the Southwestern Balkans increased from to 80%.

Nature of competitive advantage

Mare Adriatik has the largest market share in Albania. The company processes about 5000 tons of fish per year equal to 1000 tons of fish fillet (equal to the production of all European companies taken together). Mare Adriatik carries out the full chain of processing activities, preparing the product for the end consumer. The main competitors of anchovy fillets are companies in Italy, mainly in Sicily. Also, Morocco is a serious competitor in the European market.

Competitive Advantages mentioned by the founder are:

- Leveraging cutting-edge technology to improve products or processes.
- Experience in the field
- Geographic position of Albania
- Implementing best practices and optimizing supply chains.
- Very long experience
- Achieving the lowest production and operation costs.
- Potential international clients for salt anchovy fillets
- Adriatic Sea fish is rich in omega-3 and there is a high demand for it.

Core lessons learned on the path to business success

- Be prepared to pivot your strategy based on market feedback and changing conditions.
- Maintain strict control over finances and ensure healthy cash flow. Listen to your team, customers, and peers. The different perspective is valuable.
- Continuously investing in new products, mainly focusing on introducing high-quality products in the market; and improving technology, always aiming to add value to the product.

Management and Leadership

In 1991 Mark, as many other Albanians, emigrated to Italy, Sicily. There he worked in a processing plant of anchovies. Since the first years of work he began to think about opening up such a factory in his village, in Albania. One of the Italian owners proved willing to cooperate. They first opened a small workshop and bought a fishing boat in 1994. After 2 years of collaboration, co-Italian died. Mark was left alone. What to do? "I fell in the sea and I had to swim"-he says.

Mark BABANI (age 43) is the sole shareholder and administrator of the company. He is the one who takes care in the decision making of the company, in all the company's legal acts, in maintaining the relationship with his clients and his suppliers.

Mr. Mark is a democratic leader. He is aware that employees are at the same time his clients. Taking care to increase the satisfaction of employees at work, on the other hand it provides the guarantee for quality products. Most important values protected in the company are working together, communication and execution of tasks in time and quality.

Financing, and Regulatory Environment Development Needs

The expansion of the company was achieved by cooperating with the banking sector. Currently, the company works with its income.

The problem that arises is that not being a country of the European community, Albania has low fishing quotas. If you add to this the fact that these quotas are distributed by the government among businesses, this increases dissatisfaction both in terms of bureaucratic procedures and how these quotas are distributed.

On the other hand, if companies exceed the limit of exports set by the EU, they pay higher customs tariffs. The customs tariffs hinder company growth, as they involve a 25% extra tax.

The impact of strategy based on market feedback and changing conditions.

Fishing in Albania is primarily marine fisheries, although lagoon and inland fishing does take place on a limited scale. During recent years Aquaculture is being increasingly promoted. Albania has a well-established fishing industry with capacities to process fresh and frozen fish and seafood as well as to transform them into delicious ready to eat products as marinated salads or canned food, or skewers.

Albanian seafood industry delivers as well the domestic market as well many export destinations mainly in southern Europe.

[Fishery and Aquaculture Country Profile for Albania](#) - aquatic species caught by country or area, by species items, by FAO major fishing areas, and year, for all commercial, industrial, recreational and subsistence purposes. The harvest from mariculture, aquaculture and other kinds of fish farming is also included.

[An international bottom trawl survey in the Mediterranean](#) - In the Mediterranean, the main demersal fisheries are localized on narrow continental shelves along the coasts. Experiences during the last decades in this area have shown that it was difficult to obtain a global estimate of the demersal resources from fishing activity, especially due to the very large dispersion of the landing places, the important diversity of the species caught and the scarceness of reliable statistics.

Fish processing business in particular and that of anchovies in particular is a business in which employees work covers a high specific weight. However, Mr Mark has attached particular importance to the improvement of technology, always aiming to modern technology. He is aware that the processing of the product has an increased added value about 4 times, compared with raw materials. Another factor that fuels the innovation process is market need. For this the company operates very close with suppliers and customers.

A strategy based on market needs and changes that occur in it offers several key benefits for businesses and organizations Mare Adriatica has always emphasized adaptation to the market and flexibility. This has led to being resilient to new challenges and trends. And modifying their offer based on customer demands.

By understanding the needs of the market, the company has offered products or services that differentiate it from competitors, which has helped create a stronger image in the market as well as c

eating a competitive advantage.

As a result of a strategy in line with current customer demands, Mare Adriatica has enabled increased sales and avoided unnecessary investments, helping to increase efficiency and profit. On the other hand, this has helped in greater customer loyalty and the creation of long-term relationships with them. Following trends and analyzing customer behavior has helped the company develop new and innovative ideas.

A successful strategy requires continuous market research and a dynamic approach to change. Adaptation and innovation are key factors for success in any industry.

Covid 19 pandemic and Ukraine war in fish sector

The fish sector, like the entire food industry, has been significantly impacted both from the pandemic and the war in Ukraine

Regarding Covid 19, the fish processing sector faced several challenges:

1. As a result of the decline in consumption, this sector faced a decline in demand and exports.
2. Difficulties arose in the supply of raw materials (fresh fish, due to movement restrictions).
3. Anti-Covid measures such as disinfection and social distancing increased operating costs for both fishing and processing companies.
4. Due to restrictive measures and quarantine, companies faced a shortage of labor force.

On the other hand, the crisis in Ukraine was accompanied by an increase in fuel prices, an increase in the prices of raw materials (plastic, and fish feed) and increased competition in markets, especially in exports.

To overcome these challenges and adapt to the new environment, fish processing companies

have undertaken several long-term strategies such as market diversification and investment in aquaculture (fish farms). On the other hand, the government has supported this sector through subsidizing oil costs.

2. Alb Kalustyan

Overview

Collecting and marketing bio-medicinal herbs

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Industry:	Agriculture, forestry and fishing
Year of establishment:	1991; 1995 (registered as Xherdo shpk); 2014 (joint venture, renamed Alb Kalustyan shpk)
Sales Revenue in 2021	€ 18,191,000
Sales revenues in 2010:	€ 3,058,196
Revenues in 2000:	€ 935.000
Average number of employees in 2021	200
Average number of employees in 2017	150
Average number of employees in 2010	120 employees
Brainer(s) behind the company:	CEO and founder Xhevit Hysenaj

Nature of market leadership

Alb Kalustyan is a leader in the Southwestern Balkans in the niche of collecting and marketing medicinal herbs, meeting the quality standards of the prestigious USA and EU markets. The company exports mostly to the USA, but also to Canada, Germany, France, Italy, Spain, Austria, Belgium, Switzerland, the United Kingdom, Netherlands, Morocco, and Malaysia.

It is the leading provider of essential oils and processed medicinal plants in Albania and the largest exporter of herbal essences in terms of experience, technology, and marketing. The company is mainly focused on bio-products. Its market share increased to 75%.

Nature of competitive advantage

AlbKalustyan began in 2014 as a collaboration between Xherdo of Albania and Kalustyan of USA. Target supplies products worldwide to their customers with the highest quality, latest technology, and excellent customer service. They are manufacturer and exporters of more than 26 Bio Organic Medicinal Aromatic plants & Essential oils.

Competitive Advantages mentioned by the founder are:

- Full production line
- High quality
- Modern technology
- Keeping the tradition
- Exclusive focus on organic products
- Highest possible standards of food safety
- Processing activities.

- Building strong relationships with customers.
- Expanding market reach and resources through joint ventures.

Core lessons learned on the path to business success

Follow your vision. Mr. Hysenaj is a risk-taker, but firm in his vision. Although this is a simple business, they couldn't possibly have grown this quickly without technology.

Build relationships with your customers. In general, customers are loyal, but it is conditioned by the quality of production. If you neglect quality, customers will immediately leave. Mr Hysenaj states: *"Our foreign partners are in the business of 150-200 years and inherited generations. Fifty percent of the product is purchased from the 3 most important customers of the company. Relations with clients are cooperative, and very correct, while we are dealing with very loyal customers"*

Challenge difficulties. *Threats to wild plants (MAP)*. MAP plant sources within Albania are affected by many activities, including development of the territory, and unregulated collection, especially during the last 15 years. Other risks for actual habitat, or that can increase the risk for the future, are gathering and cultivating techniques, as well as grazing and fires; on the other hand, overexploitation of some medicinal plants, lack of inventory and possible risks of irregular collection can lead to damage of the habitat;

Best combine new technology and old methods of work. Sustainability, efficiency, and economic sense made it clear to Hysenaj that the best thing to do was to adapt the technology himself in a way that would fit his company's needs and further empower Albania's agro-processing industry. Hysenaj believed members of a small organization must have a sense of identity, ownership, and purpose. In turn, these feelings fostered commitment, conviction, innovation, and interest in long-term success. Despite the authoritarian style, which according to Hysenaj is necessary and dictated by the geographical distribution of the company, he emphasizes teamwork. Employees, are carefully approached and educated in the workplace, but also tested after a short time of working. The workers are motivated with support, and reward for the good work they do.

Build relationships with your customers. In general, customers are loyal, but it is conditioned by the quality of production. If you neglect quality, customers will immediately leave. Mr Hysenaj states: *"Our foreign partners are in the business of 150-200 years and inherited generations. Fifty percent of the product is purchased from the 3 most important customers of the company. Relations with clients are cooperative, very correct, while we are dealing with very loyal customers"*

Adapt quickly. Hysenaj, acts quickly in his day-to-day management and decision making. He typically responds very fast to new items and requests because, as he said, "I know something else will happen and will ask for response."

The Company Management and Leadership.

In this phase of business development strategic thinking is important. First of all, it is important that companies have a clear vision, real objectives, problem-solving and decision-making skills. Growing with the customer is a must nowadays, as the business, customers, distributors, and markets are becoming more sophisticated.

Investment in people as the main asset in business should be considered seriously and incorporated into the larger picture. Continuously developing the skills and abilities of the staff should be a matter of high priority.

Management needs to engage the company's staff in business matters fully. Without their

cooperation, success is impossible.

Financing, and Regulatory Environment Development Needs

The company cooperates successfully with banks. Regardless of this, due to strict bank policies, especially after Covid 10 pandemia, the business have had difficulties in securing loans.

On the other hand, irregular income and late payments from customers sometimes create liquidity problems.

The production of essences from wild plants began during the communist era. Secondary products such as sage and thyme were extracted from the remains of these plants. Historically, over 98% of medicinal plants were exported and accounted for the main share of exports. After the 1990s, the processing of medicinal plants and their essences decreased by 4 times. This was mainly due to the population moving to cities. After 1995, there was a renaissance of the market. Many traders and plant processors turned their attention from the process of collecting plants and later on the production of essences. Since Albania has a tradition in exporting medicinal plants, USAID helped producers add value to their products, emphasizing quality in order to meet market demands.

The company's success is based on:

- Serious investments in production lines and laboratories
- Good, reciprocal relationships with customers, punctuality, responsibility and maximum speed in customer service.
- A clear vision for the future development and modern spirit of cooperation.

Following a clear vision has a great impact on the success of a company. A clear vision helps the company set clear objectives and priorities, motivates and engages employees, serves as a compass in decision-making, and creates a clear identity in the market. The new requirement is that the vision be clearly communicated to employees and become a motto for action for everyone.

On the other hand, stable relationships with customers directly affect its growth and stability. Satisfied customers will return again. This leads to lower marketing and sales costs, differentiation from the competition, the opportunity to develop new products as a result of recognizing customer needs, as well as minimizing uncertainty.

Covid-19 pandemic and Ukraine war in agriculture and forestry

The Covid-19 pandemic had significant impacts on agriculture and forestry worldwide, including disruptions in production, supply chains, and labor availability. In Albania it is characterized by: slowing the movement of goods because of lockdowns and border restrictions; some countries posed trade restrictions; Due to restaurant and hotel closures, demand for some products dropped, causing financial losses for company. Smallholder farmers, in particular (suppliers of the company), faced income losses as they struggled to survive.

The war in Ukraine has had a significant impact on the agricultural and forestry sector in Albania, causing major changes in supply markets and prices of agricultural products.

Among the main factors has been the increase in the prices of agricultural inputs, because a good part of the fertilizers come from Ukraine. The war also led to the increase in the price of oil and the lack of labor force (some of the seasonal workers came from Ukraine),

However, the sector has diversified its sources of supply and increased local production as a way to address some of these challenges. Also, the government and relevant institutions have forgotten the policy to support the agricultural industry with appropriate measures to cope with

these shocks.

3. Venice Art Masks Factory

Overview

Production of masks

Contact: CEO Edmond Angoni

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E-mail: edmondangoni@gmail.com

<https://www.instagram.com/explore/locations/171665940044825/venice-art-mask-factory>

Company information

Industry:	Carnival masks
Year of establishment:	1998
Sales revenues in 2021	€ 2,431,830
Sales revenues in 2010:	€ 1,545,725
Sales revenues in 2000:	€ 86,835
Average number of employees in 2021	90
Average number of employees in 2017	90
Average number of employees in 2010:	70
Brainer(s) behind the company:	CEO and founder Edmond Angoni

Nature of market leadership

Venice Art's main market is Venice, from which it receives large orders for the day of carnivals. The company also exports carnival masks to Las Vegas and Australia. It is one of the biggest and finest mask-making workshops in the world. The company is known for one reason: its respect for tradition. However, the company has been able to interpret tradition in innovative ways, creating new and unique decorative styles and shapes. Venice Art crafts hand-made masks in the same way as Venetian artisans 800 years ago.

The company never repeats a decoration, so each mask is unique. The products are hand-made, characterized by high quality, and dedicated to a selected clientele. The advantages of Venice Art include expertise, a relatively long experience in the market, and a rich catalog of models. The company's market share achieved 80% of European market.

The company has opened a showroom in Shkoder, which will be a museum, production area, and teaching center for future generations.

Nature of competitive advantage

Venice Art builds its reputation on quality products and efficient response to client needs. It has adopted the mission statement "Quality is our standard."

Since 2011, many improvements have been made in the process of mask production. As a result of experience and improvement of equipment, production times have been reduced.

Competitive Advantages mentioned by the founder are:

- - Offering unique products or services that are valued by customers.
- - Innovation, quality, branding, and superior customer service.
- - Continuous development of new products.
- Prioritize customer satisfaction and build strong relationships.
- The quality and originality of the products, the handling of every mask as if it were an artwork. This has resulted in the reputation of masks spreading almost at the same speed as

globalization.

- The know-how was created through years of experience. As a result, it is difficult for new entrants to be competitive in the market.
- Flexibility and continuous innovation. Eight hundred new models have been designed and crafted in the last 20 years.
- A rich catalog of models that is very difficult to be created by a new entrant in the market.

The Core lessons learned on the Path to the business success

Love the job and treat it as a child. His uniqueness lied in the way he had brought his personal beliefs and philosophy into his management. Edmond's experiences of overcoming various difficulties first as a refugee and later as an entrepreneur formed the basis of some of the tenets of his personal philosophy

Consider your business a big family. Edmond sees leadership as unique for each company. He says: "We just have to keep up the practical magic. I just want to be part of a group of people that work hard to make reality my ideas. In the same time, they must be creative. If you don't, then you get neither art nor commerce." Treating people with kindness and learning from them humbly are the most valuable human qualities

- Surround yourself with creative people who challenge, inspire, and propel forward the company vision.
- Understand Your Market: Conduct thorough market research to understand customer needs, preferences, and trends. Since 1998, a lot of improvements are done on the process of masks production. As a result of experience and improvement of equipment, time of production of a mask is cut.

Since uniqueness stems from the work of the hand, we cannot talk about research-development costs.

However, we can say that the mask patterns always change. Each model differs from predecessors. This is also depending on customer requirements

- Invest in employee skills and knowledge. The fact that Edmond attributes the success of the company to the people that work for him, he put his emphasis on training, trust and respect.
- Create a culture that attracts and retains top talent. Mr Angoni says: "We consider each other as a family. Employees of the company are one of the basic factors of success. It is their professionalism that makes my product unique," says Edmond. Further, he continues: "In 15 years there is no worker left the workplace. They have grown together with the business."

Management and Leadership

The company is known for one reason: its respect for tradition. However, the company has been able to interpret tradition in innovative ways, creating new and unique decorative styles and shapes. - Understanding one's strengths and weaknesses. - Fostering teamwork and collaboration. Conflict resolution and negotiation.

Finding a workforce with a working culture is a challenge for the company. New employees need time to learn the work culture and adjust to company values. They lack creativity and have few practical skills. For this reason, employees undergo periodic training. As a result, the company needs to develop joint training programs with schools in the field of art

Financing and Regulatory Environment Development Needs

Relationships with financial institutions are improving due to the strengthening of the business. The company is satisfied with the financing and regulatory environment.

Impact of considering your business as a big family and investing in employee skills and knowledge. Mr. Edmond attributes the company's success to the people who work for him, emphasizing training, trust and respect. "We consider each other as family. The company's employees are one of the key factors in our success. It is their professionalism that makes our product unique," says Mr. Angoni.

"We have been advised to increase market share and introduce masks at low prices. But we want to serve our customers exclusively. We seek to differentiate ourselves with products focused on a market segment. Arti Venecian insists on serving exclusively a selected market segment."

Venice Arts builds its reputation in quality products and efficient response to client needs. It had adopted the mission statement "Quality is our Standard"

As a result of this culture, employees are motivated and collaborate better, conflicts are avoided, productivity increases, emotional well-being increases, more talent is attracted, and creativity and innovation increase.

Impact of the Pandemic and the War in Ukraine on Craftsmanship and Carnival Mask Production
The pandemic and the war in Ukraine have had an indirect impact on Albanian crafts and carnival mask production. Among the most important impacts are:

1. Increase in Material Prices and Production Costs. Especially paints and metals used in the creation of masks.
 2. Disruption in supply chains. Ukraine and Russia are important producers of some materials, such as
 3. Decline in Exports and International Demand. Several important markets for handicraft products, including European ones and those related to tourism, have been affected by the war. Demand has fallen due to economic uncertainty and the slowdown in global tourism.
- The pandemic and the war in Ukraine have created major challenges for the crafts sector and carnival mask production in Albania. The above factors have forced many producers to adapt or diversify their activity.

Armenia

1. The Crowdfunding Formula (TCF)

Overview

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Email: tcf@tcf.team

Web: <https://thecrowdfundingformula.com/>

Company information

Industry: Marketing and PR (M – Professional, scientific and technical activities)

Year of establishment: 2017

Sales revenues in 2023: undisclosed

Sales revenues in 2022: undisclosed

Average number of employees in 2023: 100

Brain(s) behind the company: CEO and cofounder Narek Vardanyan

Company overview

Founded in 2015 and officially established in 2017, TCF has emerged as a dominant player in the crowdfunding marketing industry. Specializing in helping innovators introduce their products via scale platforms like Kickstarter and Indiegogo, TCF has carved out a significant niche in the market, particularly in handling major projects. Their unique approach and dedicated team have propelled them to the forefront, setting a global benchmark with average project collections of approximately \$1.1 million, far surpassing the typical \$20,000 gathered by most crowdfunding campaigns.

Nature of market leadership

Crowdfunding Formula (TCF) has established itself as a global market leader in the crowdfunding marketing agency sector, specializing in helping innovators launch products via platforms like Kickstarter and Indiegogo. Founded officially in 2017 (operating since 2015), TCF has rapidly ascended to become one of the top companies globally in its niche. Notably, TCF has achieved unprecedented success, with several projects surpassing \$1 million in funding, positioning it among the top 3 firms in its industry.

Nature of the competitive advantage

TCF's competitive advantage lies in its dedicated and customized approach to each project. Unlike competitors with standardized methods, TCF assigns specialized teams of up to 15 experts per project, each deeply invested in its success. This approach, coupled with a unique financial model where TCF shares project risks and rewards, has differentiated it significantly. Moreover, TCF's location in Armenia has enabled it to build a large, specialized team capable of agile strategy adjustments and detailed project management, setting it apart from smaller, less flexible competitors. These methods and approaches adopted by TCF ensure its efficiency in terms of the speed of implementation, flexibility and scale of the campaigns formulating a distinctive competitive advantage over the other marketing crowdfunding companies worldwide.

Core lessons learned on the path to success

1. Customer-Centric Expansion: Initially focused narrowly on crowdfunding, TCF expanded into full-cycle e-commerce marketing, responding to client feedback for extended service needs.
2. Team Empowerment: TCF nurtures a "champion mindset" among its team, encouraging continuous learning and ownership of projects, fostering creativity and adaptability crucial for success.
3. Agility and Innovation: The ability to swiftly adapt strategies and embrace new ideas has been critical, especially evident during crises like COVID-19 and global resource shortages.

Management and leadership development needs

TCF recognizes the importance of enhancing managerial and leadership skills within its organization, particularly as it expands globally. Key development needs include:

- Managerial skills: Due to limited experience with large teams in Armenia, there is a significant need to develop robust managerial capabilities to effectively lead and coordinate international operations. Investing in leadership training programs tailored to cross-cultural management and strategic leadership could bolster TCF's managerial effectiveness.
- Digital marketing expertise: As digital marketing remains underdeveloped in Armenia, TCF faces challenges in recruiting specialized professionals. Collaborating with educational

institutions to offer practical training in digital marketing could help bridge this skill gap and strengthen TCF's competitive edge in the global market.

- **Innovation in leadership:** TCF should continue fostering a culture of innovation in leadership by encouraging creativity, risk-taking, and adaptive leadership styles. Implementing mentorship programs and leadership workshops can nurture the next generation of leaders within TCF, ensuring continuity and resilience in leadership.

TCF's success is driven by its commitment to team empowerment, a culture of learning, and a fearless approach to innovation and adaptability. These values have enabled TCF to survive and thrive in dynamic and challenging markets.

Financing and Regulatory Environment Development Needs

- **Financial Accessibility:** TCF faces challenges accessing local financing in Armenia, relying on international resources due to limited local banking support for innovative sectors.
- **Regulatory Support:** While Armenia offers a supportive legal framework, more initiatives are needed to facilitate financing for high-growth, technology-driven businesses.

Pandemic's impact on TCF's business approach

During the COVID-19 pandemic, TCF demonstrated resilience and agility by anticipating shifts in consumer behavior. Recognizing increased demand for home-related products, TCF pivoted its strategies to support clients in launching successful campaigns for products like house plants, which saw heightened popularity during lockdowns.

Effect of the Ukraine war on TCF's business operations

The conflict in Ukraine disrupted TCF's supply chain and partnerships with Russian and Ukrainian partners, impacting logistics and increasing operational costs. However, TCF responded by diversifying its supplier base and exploring new partnerships, mitigating the immediate impacts and positioning itself for sustained growth amidst geopolitical challenges.

Mastering Niche Markets in Crowdfunding Marketing

In the dynamic landscape of digital marketing, where innovation and adaptability are paramount, The Crowdfunding Formula (TCF) has emerged as a silent force, reshaping the crowdfunding marketing industry. Founded officially in 2017 (with operations commencing in 2015), TCF has swiftly risen to prominence, specializing in helping innovators launch their products through renowned platforms like Kickstarter and Indiegogo. This chapter delves into TCF's journey, exploring the factors that have propelled it to leadership in its niche market.

TCF's journey to becoming a market leader in crowdfunding marketing is underscored by its unparalleled success in managing high-impact crowdfunding campaigns. With an average project collection surpassing \$1.1 million—exceeding the typical \$20,000 benchmark—TCF has set a global standard. This success rate is reflected in their handling of major projects, with notable achievements such as managing 5 out of 8 projects that exceeded the \$1 million mark in the past year alone.

The company's growth trajectory has been robust, with revenues experiencing a consistent annual growth rate of 15-20%. From modest beginnings, TCF has tripled its earnings since inception, showcasing resilience and strategic foresight in a competitive market environment. At the heart of TCF's success lies its strategic leadership and innovative approach. The company's operational model prioritizes a customized and dedicated team approach, assigning up to 15 specialists per project. This unique strategy not only enhances project management

efficiency but also ensures a high success rate for their clients.

Moreover, TCF's agility in adapting strategies has been pivotal. Unlike competitors with standardized methodologies, TCF empowers its teams to swiftly pivot strategies in response to market feedback. This flexibility has proven crucial during crises such as the COVID-19 pandemic and global resource shortages, where TCF not only survived but thrived by anticipating and meeting new consumer demands.

Despite its success, TCF has faced its share of challenges, particularly in navigating the Asian market and overcoming cultural differences. The company's expansion into China, while strategically sound, required a deep understanding of local dynamics and consumer behaviors. Additionally, global economic uncertainties and geopolitical tensions have necessitated ongoing adjustments in TCF's operational strategies to mitigate risks and capitalize on emerging opportunities.

Looking ahead, TCF remains focused on expanding its international footprint and enhancing service offerings across the entire business lifecycle. Continued investment in talent development, particularly in managerial and digital marketing skills, will be critical to sustaining growth and competitive advantage. Moreover, forging strategic partnerships and exploring diverse funding sources will enable TCF to navigate evolving market dynamics effectively.

In conclusion, TCF's journey from a nascent startup to a global leader in crowdfunding marketing exemplifies the principles of a hidden champion—low public visibility coupled with exceptional market leadership, innovation, and international orientation. As TCF continues to innovate and adapt, its impact on the crowdfunding marketing landscape is poised to grow, solidifying its position as a beacon of success in niche markets worldwide. TCF's success story underscores the importance of innovation, resilience, and strategic foresight in achieving and maintaining market leadership in the competitive crowdfunding sector.

2. Krisp

Overview

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Email: support@krisp.ai

Web: <https://krisp.ai/>

Company information

Industry: Technology and AI (J – Information and communication)

Year of establishment: 2017

Sales revenues in 2023: undisclosed

Sales revenues in 2022: undisclosed

Average number of employees in 2023: 120

Brain(s) behind the company: Cofounder Artavazd Minasyan, CEO and cofounder Davit Baghdasaryan

Company overview

Krisp, an Armenian tech company founded in 2017, has emerged as a leader in AI-driven audio solutions aimed at enhancing productivity through noise cancellation, transcription, and meeting note automation. With a strong focus on professional users and small teams, Krisp has carved a niche for itself in a competitive global market.

Nature of market leadership

Krisp, founded in 2017, has rapidly emerged as a market leader in noise cancellation and transcription technologies. The company's flagship "pro product" caters specifically to professionals and small teams, offering advanced features such as automated meeting note-taking and high-quality audio-video transcription. Over the past three years, Krisp has expanded its product significantly, evolving from basic noise cancellation to a comprehensive platform offering audio-video transcription, collaborative tools, and integrations with various productivity software. This growth has solidified Krisp's position in the market, supported by a strategic focus on enhancing user experience and functionality.

Krisp's leadership in its niche is characterized by its innovative approach to solving common productivity challenges faced by remote workers and teams worldwide.

Nature of the competitive advantage

Krisp maintains a robust competitive advantage through several key factors:

- **Desktop Application:** Unlike competitors reliant on web-based platforms, Krisp's desktop application allows for on-device transcription, ensuring enhanced privacy and performance.
- **Proprietary AI Technologies:** Krisp distinguishes itself with in-house AI expertise, enabling the development of proprietary technologies that surpass competitor offerings in both efficiency and effectiveness.
- **Technical Expertise:** Founded by individuals with deep technical backgrounds and a strong grasp of AI and machine learning, Krisp maintains a leadership position in leveraging technology for audio enhancement and transcription.
- **Superior Cost-Efficiency:** Krisp's competitive advantage of cost-efficiency ensures their market leadership position and profitability with a gross margin of 97%, which is significantly higher than industry averages.

Core lessons learned on the path to success

Krisp's journey to success has been shaped by valuable lessons:

- **Focus on Innovation:** Continuous innovation is critical to maintaining leadership in a competitive market where technological advancements and customer expectations evolve rapidly, and where competitors rapidly emulate features.
- **Strategic Adaptability:** Krisp's ability to adapt its product offerings to meet changing market needs, such as the shift to hybrid work environments accelerated by the COVID-19 pandemic, underscores its strategic foresight.
- **Importance of Talent:** Building and retaining a talented team, particularly in AI and machine learning, has been essential to Krisp's ability to innovate and deliver cutting-edge solutions.

Management and leadership development needs

Main development needs for the leadership and management of Krisp are:

- **People management skills development:** Krisp experienced rapid growth, leading to promotions into management roles for individuals who were not adequately prepared for their new responsibilities. Similar to other rapidly growing companies, Krisp experienced a critical need to enhance people management skills among its middle management team to improve team cohesion and operational effectiveness.
- **Short and comprehensive courses:** Educational initiatives focusing on comprehensive business knowledge, including finance, marketing, and people management, are essential to bridge existing skill gaps.

- Customized leadership programs: Challenges include varying levels of readiness among managers and the need for customized leadership development programs tailored to Krisp's unique organizational dynamics.
- Perception of success within companies: The company learned the importance of understanding how individuals perceive success within an organization, contrasting traditional business models, where the success of the manager is mainly measured by the number of people managed. Unlike traditional business paradigms, Krisp emphasizes that success isn't solely about individual contributions but rather about fostering collaborative environments where even small teams can catalyze significant company growth.

Financing and Regulatory Environment Development Needs

Looking forward, Krisp identifies several needs for further growth:

- Enhanced Regulatory Clarity: Clearer regulatory frameworks, particularly in international markets, would facilitate smoother expansion and compliance, reducing operational uncertainties.
- Access to Venture Financing: Increased access to venture capital and funding support for deep tech initiatives would enable Krisp to accelerate its R&D efforts and scale operations more effectively.

Pandemic's impact on Krisp's business approach

The COVID-19 period underscored Krisp's resilience in adapting to changing circumstances and leveraging new opportunities to strengthen its market position and operational strategies.

- Challenges and Rewards of Switching to Remote: Krisp adapted swiftly during the COVID-19 pandemic, transitioning to a fully remote operational model to maintain business continuity. This shift initially posed challenges, especially concerning internet reliability and communication tools.
- Embracing Hybrid work: Over time, Krisp embraced a hybrid work model as the pandemic situation improved, integrating the best aspects of remote work with on-site collaboration.
- Seizing Market Opportunities: The pandemic brought significant opportunities as well. Krisp saw increased industry engagement and collaboration with major companies, enhancing its market visibility and earning accolades like recognition from Forbes as one of the top organizations.
- Enhanced Sales Approach: The experience prompted Krisp to explore outbound sales strategies more aggressively, aiming to improve client engagement through initiatives like cold outreach.

Effect of the Ukraine war on Krisp's business operations

Ukraine war's effect on Krisp's business operations:

- Navigating Currency Fluctuations: The global resource crisis stemming from the Russian-Ukrainian war did impact Krisp, primarily through currency fluctuations. The change in the dram-dollar exchange rate in Armenia led to a 15% increase in expenses for the company.
- Workforce Diversity: Additionally, Krisp benefited from positive outcomes related to employee migration. The influx of new employees from Ukraine had a favorable impact on the organization, contributing to its workforce diversity and expertise.

Mastering Niche Markets in AI-Driven Productivity Solutions

The entrepreneurial spirit behind Krisp reflects a blend of technical expertise and strategic

vision:

- **Technical Prowess:** Founded by individuals with backgrounds in mathematics and deep tech, Krisp embodies a culture of technical excellence and innovation.
- **Strategic Vision:** Krisp's leadership demonstrates a forward-thinking approach to product development and market expansion, leveraging insights into emerging trends and customer demands.

In the rapidly evolving landscape of AI and productivity tools, Krisp has established itself as a pioneer and leader in niche markets, particularly focusing on AI-driven audio solutions tailored for professionals and small teams. Since its inception in 2017, Krisp has not only introduced groundbreaking technologies but also mastered the art of penetrating and dominating specific segments within the broader AI and technology market.

Krisp's journey into niche markets has been marked by strategic foresight and innovation, leveraging proprietary AI technologies to address specific pain points and enhance productivity across diverse industries. Key elements of Krisp's success in mastering niche markets include:

1. **Targeted Product Development:** Krisp began by specializing in noise cancellation and expanded its offerings to include comprehensive audio-video transcription and meeting note automation. This targeted approach has allowed Krisp to differentiate itself from generic solutions and gain deep market penetration.
2. **Customized User Experience:** Krisp's desktop application features on-device processing for enhanced privacy and performance, reflecting its commitment to providing a tailored user experience. By prioritizing user-centric design and functionality, Krisp has cultivated a loyal customer base that values both innovation and practicality in their daily workflows.
3. **Strategic Market Positioning:** Krisp's strategic positioning revolves around rapid innovation and anticipation of industry trends. Through continuous R&D and technological advancements, Krisp not only meets but exceeds customer expectations, solidifying its leadership in niche segments such as remote work facilitation and professional audio enhancement.
4. **Scalable Growth Strategies:** Beyond technological innovation, Krisp pursues scalable growth through strategic partnerships and integrations with leading productivity tools. This approach extends its market reach while enhancing the value proposition for users seeking streamlined and efficient solutions.

Krisp's success in mastering niche markets is exemplified by its impressive growth trajectory and market influence. Krisp has captured a significant market share in noise cancellation and transcription technologies, leveraging a deep understanding of user needs and market dynamics. By focusing on delivering tangible benefits such as improved audio quality and productivity gains, Krisp has successfully attracted a diverse clientele ranging from individual professionals to multinational corporations.

Krisp's innovative solutions have garnered industry recognition, including accolades from tech publications and endorsements from renowned professionals, reinforcing its status as a trusted leader in AI-driven productivity tools.

Azerbaijan

1. "Azerstar" LLC

Overview

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Email: azerstar@mail.ru

Web: <https://www.facebook.com/azerstarllc>

Company information

Industry⁴: Hazelnuts processing and exporting
Year of Establishment 10.05.2006
Sales Revenues in 2017: 1,8 mio US\$
Sales Revenues in 2023: 1.4 mio US\$
Average number of employees in 2023: 106
Brainer(s) behind the company: CEO and founder İlham İsayev

Nature of market leadership

The company is one of the leaders in the production and supply of high-quality hazelnuts that meet the standards of the European market. The main supply markets are Italy, Germany and Russia. The company's products are of high quality and are in great demand among purchasing companies. The company seeks to enter new European markets. The main competitors in this area are companies from Turkey, Italy and the USA.

Nature of competitive advantage

We can highlight a number of competitive advantage indicators that provide the company with a leading position in the market. First of all, this is a limited number of hazelnut producers in the world market, with Turkish companies being the leaders here. The presence of a relatively small number of hazelnut producing companies provides Azerbaijani companies with a competitive advantage in their segment. The next competitive advantage indicator is the high quality of Azerbaijani hazelnuts, which meets the needs of purchasing companies. The quality of hazelnuts grown in the Zagatala region of Azerbaijan is distinguished by the best taste and high yield. These varieties of hazelnuts are characterized by the presence of a "marketable appearance" that meets European standards, which also provides them with an advantage in the market. We can also note the use of modern technology in the production process, which reduces the cost of hazelnut production.

Core lessons learned on the path to success

1. The company purchases hazelnuts from small and individual entrepreneurs, and therefore it is very important to establish mutually beneficial relationships with suppliers.
2. During seasonal peaks, the number of company employees increases several times, and therefore the company is an important employer in the region. Establishing relations with the public and officials will help the company build a positive image and receive certain benefits from the state
3. The company's activities are affected by a number of force majeure factors, such as natural disasters, pandemics, and military-political events between countries. All these factors must be taken into account when building an effective strategy for entering foreign markets

Management and leadership development needs

Improving technologies and the production process for processing hazelnuts leads to an increase in labor productivity. It is necessary to constantly conduct training to improve the professional skills of workers and managers. Marketing training will help increase the level of staff involvement in company management.

It is also necessary to take into account that the suppliers of hazelnuts to the company may be entrepreneurs who have tactical goals in the market, such as making short-term profits. Often these entrepreneurs lack the management skills to build an effective market strategy. Therefore, improvement of management knowledge and marketing skills is required.

Financing and regulatory environment development needs

The industry has problems with legislative regulation and tax authorities. The Ministry of Agriculture

⁴ According to NACE Rev. 2 – please check the technical instructions included in this document (pg. 9).

needs to strengthen control over the condition of hazelnut orchards in order to reduce possible damage from natural factors.

The company is facing financial difficulties such as delays in payment procedures. To overcome these difficulties, it is necessary to improve relations with banks.

Another problem for the company is the low level of awareness among entrepreneurs about the legislative regulation of the industry. It is necessary to strengthen propaganda among entrepreneurs in order to increase their level of awareness and knowledge.

Pandemic's Impact on "Hidden Champions" Business Approach

2020 has become a serious test for Azerbaijan. The fall in oil prices, restrictions caused by the COVID pandemic, and the 44-day military conflict with Armenia have created real threats to the country's economic development. As a result, according to the State Statistics Committee of the Republic, the decline in GDP in Azerbaijan in 2020 was 4.3%, and the decline in GDP per capita (data for 11 months) was 5%. Significant problems have arisen in the foreign economic sphere. In particular, the foreign trade turnover of Azerbaijan, according to the State Customs Committee, in 2020 compared to 2019 decreased by 26.5%, while the fall in exports was 30%, imports - 21.5%. The foreign trade balance remained positive (\$4 billion), but its volume decreased by half compared to the previous year.

As a result, many industrial production and service sectors were under attack. Tourism-related industries were hit the hardest. Here, in January–November 2020, the largest decline was recorded compared to the same period in 2019 - 56.9%; the volume of passenger (40.5%) and cargo transportation (19.6%), paid services to the population (25, 8%), construction (11.3%). In general, industrial production in Azerbaijan fell by 4.7% over the 11 months of 2020. The only industries that showed at least slight growth in 2020 were agriculture (2%) and information and communication services (1.6%)

The pandemic has had a serious impact on the production and processing of hazelnuts. Restrictive measures were taken in the country, which negatively affected the activities of Azerstar LLC. The company lost its customers due to the complete closure or restrictions on the activities of many companies - chocolate manufacturers, cafes and restaurants. The labor activity of entrepreneurs was limited, which affected the volume of hazelnut production. The volume of hazelnut production of Azerstar LLC decreased, the export of products decreased, and sales profit decreased in 2020. If in 2019 the hazelnut production in the company was 2962 tons of hazelnuts, then in 2020 this figure decreased by half and amounted to 1426 tons. The company's profit from the sale of hazelnuts in 2019 was 2.01 million US dollars, in 2020 this figure decreased almost three times and amounted to 0.70 million US dollars. These figures allow us to conclude that the pandemic has had a negative impact on the Azerstar LLC operations.

Effects of the Ukraine War on "Hidden Champions" Business Operations

According to officials of Azerstar LLC, the company suffered significant losses from this war, since its export activities were closely linked to the Russian market. The collapse of economic ties between partners, economic sanctions against the aggressor, difficulties with banking operations, late payment for delivered goods and other facts led to a decrease in hazelnut exports to Russia. Considering that economic sanctions against Russian companies continue, Azerstar LLC is looking for new strategic partners among European consumers. In particular, the company intends to expand trade relations with Italian and Swiss chocolate manufacturers. At the same time, the company is looking for new partners to expand its activities in the European market.

"Azerstar LLC Leadership History"

Let's take a closer look at the success story of Azerstar LLC. Back in 1998, two founders, Ilham Isaev and Ramazan Garadjaev, established a small enterprise focused on purchasing and reselling hazelnuts in the domestic market. Over time, the company's activities expanded, the number of founders increased to three, and the company ARI was registered. Under this name, the company operated until 2006,

processing and supplying hazelnuts mainly to major cities in Azerbaijan, such as Baku, Ganja, and others. The company's production volumes were small, reaching a maximum of 5-10 tons of processed hazelnuts per year.

The market situation began to change as Azerbaijani hazelnuts gained recognition in the global market, leading to increased demand. The external market is more attractive for national companies as it offers favorable conditions for expanding their production capabilities and achieving higher profits. In 2001-2002, the company started supplying cleaned hazelnuts to Poland and Russia. Later, the company established broader connections with buyer companies and expanded its supplies to the Russian market. The increase in demand in the external market necessitated an expansion of hazelnut plantations and the company's production capabilities. It should be noted that the main producers and sellers of hazelnuts are located in the Zagatala, Balakan, Gabala and Khachmaz regions of Azerbaijan. Zagatala, Balakan and Gabala belong to the same economic region, and similar varieties of hazelnuts are grown here, which are of high quality and are in high demand in the foreign market.

The hazelnut varieties grown in the Khachmaz region differ in their taste and "marketable appearance": although the "marketable appearance" of this variety is very attractive, the taste properties are inferior to the varieties grown in the Zagatala-Balakan region. Hazelnuts from the Khachmaz region are mainly supplied to the domestic and Russian markets, with a small quantity reaching the European market.

In 2006, the founders decided to end their joint activities and pursue entrepreneurial endeavors independently. As a result, ARI ceased operations, and a new enterprise, Azerstar LLC, was established by İlham İsaev. The company does not own any plantations; instead, it purchases all its products from small and individual entrepreneurs and then cleans and processes the hazelnuts. A portion of the shells obtained during the cleaning process (approximately one-third) is used for artificial drying, while the remaining shells are sold to rural residents for heating purposes during the winter season.

According to <http://www.azerstar.com>, the number of employees at the company fluctuates throughout the year due to the seasonality of production. In 2020-2021, the number of permanent staff reached 15-20 people, while during the peak season starting around August, it increased to 110-120 people. In subsequent years, as the company's activities expanded, the staff grew to 30-35 permanent employees and 140-150 seasonal workers.

Azerstar LLC's future activities are primarily focused on supplying foreign markets. The company has expanded its exports to Italy, Germany, the Baltic countries, and Russia, while also seeking new markets and striving to establish new connections with hazelnut buyer companies.

Let's examine the data on physical sales volumes for recent years (Table 2) and sales profits (Table 3) for 2017-2023.

Table. Physical sales volume of hazelnuts for 2017-2023

Years	2017	2018	2019	2020	2021	2022	2023
Sales volume, tons	2884	1882	2962	1426	1555	1514	1654,3

Source: obtained by the author during an interview with a representative of Azerstar LLC

Table. Profit from hazelnut sales for 2017-2023

Years	2017	2018	2019	2020	2021	2022	2023
Profit from sales, million US dollars	1,78	- 0,06	2,01	0,70	1,43	0,77	1,4

Source: obtained by the author during an interview with a representative of Azerstar LLC

The analysis of the presented data shows that the company's decrease in sales volume in 2018 was due to problems that arose in the Italian market with a logistics company responsible for transporting and delivering products to Italian purchasing companies. Azerstar LLC overestimated its trust relations with the intermediary, did not control the activities of the logistics company, which led to delays in the

delivery of its products, and the company lost a significant part of its profit. In 2019, the company's sales volume and profit from sales of its products reached their maximum values. The indicators for 2020 were significantly influenced by the global pandemic of coronavirus, as a result of which the sales volume and profit from sales decreased by more than 2 times.

The situation began to improve in 2021, when the physical sales volume of hazelnuts increased by 1.1 times, and the profit from sales increased by 2 times compared to similar indicators in 2020. The Russian market is one of the main sales markets for the company, and for this reason, the aggression of Russia against Ukraine, the beginning of hostilities, the introduction of a number of sanctions against Russian companies, problems with banking transfers related to the disconnection of Russian banks from SWIFT led to a decrease in the company's performance indicators: the physical sales volume of hazelnuts decreased by 0.97 times, the profit from sales - by 0.5 times.

The situation began to recover by 2023, when the physical sales volume of hazelnuts increased by 1.1 times, and the profit from sales increased by 1.8 times, which is explained by successful management decisions and the establishment of mutually beneficial relations with its partners.

Today, Azerstar LLC is one of the main companies engaged in the export of cleaned hazelnuts to foreign markets. The company's products are characterized by high quality, attractive "commodity appearance," and full compliance with European market standards.

Bosnia and Herzegovina

Artisan Ltd.

Overview

Address: Medakovo bb, 74260 Tešanj, Bosnia and Herzegovina

Tel: +387 32 667 910, +387 32 667 911

Fax: +387 32 658 820

Email: info@artisan.ba

Web: www.artisan.ba

Company information

Industry: Manufacture of other furniture

Year of Establishment: 2007

Sales Revenues in 2017: € 6.1 MIO

Sales Revenues in 2023: € 17,4 MIO

Average number of employees in 2023: 263

Brainer(s) behind the company: Fadil Ćostović and Dražen Poznanović

Nature of market leadership

Artisan's market leadership is deeply rooted in its dedication to furniture craftsmanship and design. This commitment to craftsmanship in furniture-making gives the company a distinctive edge in the market, appealing particularly to customers who value uniqueness and authenticity. The Benelux countries and South Korea are major export markets for Artisan furniture. The domestic market only accounts for about 4% of production, with the rest intended for export.

Nature of competitive advantage

The competitive advantage of Artisan rests on four pillars: (1) product quality, (2) innovative furniture design that blends modern design lines with retro elements, (3) strong brand equity, and (4) long-lasting relationships with customers.

Core lessons learned on the path to success

1. Persistence pays off: The company's success may be primarily attributed to its founders' persistence. Even in the face of challenges, the founders' unwavering determination and refusal to give up have been instrumental in the company's success.
2. Reinvestment for growth: Artisan's ongoing reinvestment strategy highlights the benefits of prioritizing long-term growth over short-term gains.
3. Capitalizing on bestsellers: The initial success of Artisan's bestsellers provided leverage for business expansion and the introduction of other Artisan furniture lines.
4. Do not undervalue good luck: While perseverance and hard work are necessary, being in the right place at the right time can significantly impact business success.

Management and leadership development needs

The company strongly emphasizes the urgent need for workers, particularly experienced carpenters, and hopes that the community will take steps to generate professionals with such skills. Training is something that the company offers to new workers, and the learning is perceived as a lifelong process. Artisan stresses the importance of partnerships with top brands to acquire highly specialized knowledge that is otherwise unattainable.

Financing and regulatory environment development needs

Financially, Artisan is self-sufficient. However, they emphasize that BIH's accession to the World Trade Organization (WTO) would greatly benefit the company. This accession would facilitate the removal of tariffs, particularly the tariff in South Korea, which is one of the most important markets for Artisan's products.

Pandemic's Impact on "Hidden Champions" Business Approach

Artisan experienced minimal COVID-19 disruptions. While demand for cheaper furniture declined, Artisan's high-end luxury category remained resilient. However, the company encountered higher transportation costs, particularly for container shipments to distant markets such as South Korea, Australia, and America. Despite these challenges, Artisan remains steadfast, recognizing that these factors are beyond its control.

Effects of the Ukraine War on "Hidden Champions" Business Operations

The Russia-Ukraine war has not disrupted the continuity of Artisan's production process or its business model. With years of experience, Artisan developed business resilience, characterized by positive adaptation to difficulties and effective crisis management. Their guiding maxim during crises is to view challenges as opportunities.

"Artisan: Tradition Meets Modernity in Woodworking Excellence"

Artisan emerged from the traditional woodwork shop "Ćostović," which boasts over 50 years of experience in wood processing. Specializing in high-quality, hand-made furniture from solid wood, Artisan's commitment to an artisanal work style gives it a competitive edge in the market. The company is export-oriented and is currently the fastest-growing brand under the label "Made in BIH" in the wood sector. The Neva and Latus collections, Artisan's top sellers, consistently attract premium customers, securing the leading market position in the niche market of hand-made furniture from solid wood.

Artisan is dedicated to its vision, operating under the philosophy that every collection and piece of wood tells a unique story. The company's vision has positioned them in the niche market, creating solid wood furniture that combines modern design lines with a touch of retro style,

offering a distinctive blend of contemporary and classic aesthetics. Artisan employs a vertical integration strategy by housing all aspects of the development-to-delivery process under one roof (design, milling, wood processing, and furniture production).

In a consumption-driven era, the company focuses on creating furniture with emotional value, ensuring each piece elicits positive emotions and serves as a cherished memory for future generations. The emotional value of Artisan's products is reflected in the words of Mr. Poznanović, one of the company's founders: "The emotional connection with furniture is most evident at trade fairs when people encounter furniture for the first time and start 'touching' it, showing their deep bond with it."

The company's success relies on visionary leadership, dedicated and capable management, and a team of passionate, creative employees, including designers and production workers. Although some companies have attempted to imitate Artisan's approach, they struggle to replicate what truly sets Artisan apart: the genuine passion that fuels every endeavor, the unwavering dedication of Artisan's team, and the creative spark that infuses the workplace.

Visionary leadership paved Artisan's path to success, recognizing the untapped potential in the luxury designer furniture market. As stated by Mr. Poznanović: "In an environment where doubt prevailed, we persevered, investing considerable effort to reach our current market position."

Cooperation with world-renowned designers also contributed to Artisan's success. The company has gained significant know-how from its customers, including owners of high-end luxury fashion brands, hotels, and restaurants worldwide. However, good fortune was one crucial ingredient in Artisan's success. While dedication and hard work are essential, being in the right place at the right moment greatly impacts the company's success.

2. Emerus Ltd.

Overview

Address: Knešpolje b.b., 88220 Široki Brijeg, Bosnia and Herzegovina

Tel: +387 39 701 240

Fax: +387 39 701 241

Email: info@emerus.eu

Web: <https://emerus.eu/>

Company information

Industry: Manufacture of metal structures and parts of structures

Year of Establishment: 2015

Sales Revenues in 2017: € 22 MIO

Sales Revenues in 2023: € 48 MIO

Average number of employees in 2023: 224

Brainer(s) behind the company: CEO Hrvoje Soldo

Nature of market leadership

Emerus is a well-established European manufacturer specializing in producing mechanically processed aluminum products and sophisticated extruded profiles for various industrial sectors. By utilizing premium materials and state-of-the-art machinery to adhere to rigorous European standards, the company demonstrates its commitment to product quality and sustainability. Due to the use of solar energy, the company's carbon footprint is below the European average. Moreover, the company's in-house toolmaking department ensures consistent, on-time deliveries to meet customer needs with outstanding flexibility. Continuous investment in

cutting-edge facilities and equipment helps Emerus maintain its position as a market leader.

Nature of competitive advantage

The competitive advantage of Emerus rests on four pillars: (1) effective product portfolio strategy, (2) the adoption of flexible manufacturing systems, (3) the integration of sustainable practices in the manufacturing process, and (4) the adoption of lean manufacturing philosophy.

Core lessons learned on the path to success

1. Visionary leadership: Leaders inspire and mobilize employees toward shared objectives by articulating a compelling vision and demonstrating persistence and enthusiasm.
2. Effective technology management: Adopting new technology and advancements in production techniques are primary drivers of product development.
3. Customer segment diversification: The saying "Do not put all your eggs in one basket" emphasizes the importance of diversifying customer segments, i.e., expanding the range of customer segments a company serves rather than relying solely on a narrow target segment.
4. Green commitment, golden future: Investing in renewable energy sources is both a moral imperative and strategic business decision that leads to greater success and resilience in the future.

Management and leadership development needs

Talent management is essential for Emerus to build a skilled, engaged, and adaptable workforce that drives innovation and ensures long-term company success. Internships and collaboration with higher education institutions are the main pillars of Emerus' talent management strategy. Internships serve as a valuable source for identifying and nurturing potential talent. At the same time, partnering with higher educational institutions allows Emerus to access a pool of motivated and skilled students who bring fresh perspectives, ideas, and energy to the company.

Financing and regulatory environment development needs

Aluminum extrusion innovation demands costly, cutting-edge equipment and tools, placing a significant financial burden on the company. Thus, government subsidies need to provide public financial resources and reduce the private cost of innovation. Government funding aimed at acquiring cutting-edge technology and tools may help companies looking to pioneer breakthroughs in aluminum extrusion. Furthermore, government subsidies may boost companies' confidence in pursuing innovative ventures by mitigating risks associated with innovation (e.g., uncertainty about return on investment - ROI).

Pandemic's Impact on "Hidden Champions" Business Approach

The COVID-19 pandemic has had a minimal effect on the company's business approach. Key challenges during the COVID-19 pandemic were related to logistics and supply chain management. In addition, Emerus was confronted with transportation challenges caused by international border control measures and insufficient warehouse storage capacity. Moreover, Emerus, as a consumer of semiconductor chips, had been impacted by the global semiconductor shortage during the COVID-19 pandemic.

Effects of the Ukraine War on "Hidden Champions" Business Operations

Emerus is dedicated to achieving sustainability objectives, including reducing carbon emissions and adopting renewable energy sources, like solar power. Solar energy provides Emerus with a

reliable and consistent electricity supply, shielding the company from fossil fuel price fluctuations, which are particularly pronounced during geopolitical unrest.

"Emerus: Building a Sustainable Legacy Through Innovation"

Emerus was founded in 2015 by visionary entrepreneur Mr. Hrvoje Soldo. The company is a leading provider of aluminum extruded profiles and mechanically processed aluminum products to industrial sectors. Emerus uses high-quality materials and renewable energy to reduce its carbon footprint and ensure eco-friendly production. The company's founder is a visionary leader who values innovation and sustainability. Since founding the company, Mr. Soldo has guided Emerus to great success with a sharp eye for possibilities and dedication to quality. He believes the company's biggest asset is its employees and is committed to creating an innovative culture, nurturing talent, and helping people reach their full potential. Diversifying customer segments allows Emerus to adapt to evolving market dynamics, enhance resilience to industry shifts, and seize emerging market opportunities. In navigating the complexities of a rapidly evolving business landscape, by prioritizing innovation, sustainability, and operational excellence, Emerus is maintaining its market position and achieving long-term success in the competitive realm of aluminum manufacturing.

Finally, Mr. Soldo emphasized the importance of social responsibility through supporting local initiatives that make a positive impact beyond the company's operations. "The development of this company is also the development of our environment and community", says Mr. Soldo.

Emerus is one of the leading European providers of extruded aluminum profiles, meeting diverse customer needs across industries (e.g., construction, automotive, transportation). Dedicated to engineering excellence and customer satisfaction, Emerus continues to set new standards in the aluminum extrusion industry, driving progress and delivering superior solutions across multiple sectors.

3. Mladegs Pak Ltd.

Overview

Address: Vijaka bb, 78430 Prnjavor, Bosnia and Herzegovina

Tel: +387 51 647 620

Fax: +387 51 647 652

Email: info@mladegspak.com

Web: <https://www.mladegspak.com/index-en.html>

Company information

Industry: Food industry

Year of Establishment: 1996

Sales Revenues in 2017: € 10.5 MIO

Sales Revenues in 2023: € 19.4 MIO

Average number of employees in 2023: 172

Brainer(s) behind the company: Goran Vrhovac

Nature of market leadership

Mladegs Pak has a long-standing tradition of producing delicious, high-quality, safe food products. The company offers a product assortment of over 400 items under its two domestic brands, Bonito and Dominus. A strong focus on consumers' needs, specific demands, and preferences is essential to the company's market leadership. This is achieved through ongoing

consumer research, product testing, and their complete adaptation to specific preferences in the markets of different countries. At the same time, the company ensures good value for consumers, characterized by an optimal balance between benefits and price.

Nature of competitive advantage

The company's flexibility and capability to quickly and thoroughly adapt to specific customer requirements (e.g., utilizing over 100 different recipes for producing ketchup) is one of the major sources of its competitive advantage. The company focuses on product quality, holds the world's highest food certificates (e.g., HACCP, ISO, and IFS), and continuously invests in the best equipment, technology, and knowledge. A significant portion of its production is dedicated to manufacturing for private brands of European retail chains such as Lidl, Aldi, Rewe, Penny, SPAR, and others. This enhances capacity utilization and the company's profitability and fosters long-term relationships with these chains, which are key distributors of their products.

Core lessons learned on the path to success

1. Product quality is never questioned and is followed by product availability and a fair price.
2. The approach to consumers must always be carefully carried out to provide sufficient information to successfully satisfy consumers' needs and desires. A higher level of customization provides opportunities for tremendous success.
3. In the consumer industry, such as the food industry, building and nurturing good relations with retail chains can be crucial since the availability of products on the market largely depends on them.
4. The corporate spirit, equal opportunities for all employees, and taking care of their needs are fundamental factors in the development and growth of the company.

Management and leadership development needs

Bearing in mind the dominant market orientation of the company, marketing managers need to have the appropriate knowledge and skills. Since the company operates on the international market and employs various branding strategies (both for its own brands and products under private labels for specific distribution chains), managers with expertise in international marketing and brand management are needed.

Financing and regulatory environment development needs

The state must recognize the needs of companies and co-finance investment in modern equipment to create new and better jobs. Educational institutions should align with the economy's needs by revising curricula and programs to reflect current business conditions, particularly in marketing management.

Pandemic's Impact on "Hidden Champions" Business Approach

The primary obstacle to business during the pandemic was the reduced availability of certain raw materials. This necessitated a shift in the company's strategy towards diversifying suppliers and maintaining a larger stock of raw materials in the warehouse.

Effects of the Ukraine War on "Hidden Champions" Business Operations

The war in Ukraine led to challenges in procuring certain raw materials and substantial price increases that significantly affected the company's operations. Overcoming these issues required adaptation to the current situation, primarily by enhancing mobility, flexibility, and

attentiveness to the needs of customers, suppliers and employees.

"Mladegs Pak: Global adaptation to local tastes"

In its current form, Mladegs Pak was established in a small town in northern BiH. The company's mission is stated: "Every day, we strive to deliver products of proven quality to our homes, made from naturally grown raw materials, sourced from people who have been growing them all their lives." With this, the company wants to connect households, provide employment opportunities for our neighbors and friends, and create a prosperous future.

One of Mladegs Pak's key advantages lies in its clear marketing orientation, starting with consumers' preferences and creating products accordingly. Hence, the company focuses on continuous consumer research, product testing, and adapting products to meet specific consumer needs. Recognizing the importance of addressing consumer needs and preferences across different countries (over 15 countries worldwide), the company is very clear about applying the glocalization strategy, i.e., adapting products to local needs while operating in the international market. The glocalization strategy is achieved thanks to the company's high flexibility and the ability to quickly and thoroughly adapt to specific customer requirements.

The company has two strong domestic brands, Bonito and Dominus. Brand Bonito, established in 1989, offers high-quality products designed to be a part of local cuisine and food preparation in every household. Dominus, introduced in 2006, aims to fulfill the needs of consumers seeking quality, practicality, and safety, primarily in the business consumption market (HORECA market).

Finally, Mladegs Pak is committed to upholding responsibility and positively impacting the communities where it operates. It is a socially responsible company that invests in sports and culture to support the development of adolescents and children. Mladegs Pak also promotes environmental sustainability through practices such as waste separation, paper recycling, wastewater treatment, and rational energy and waste consumption. Mladegs Pak aims to raise customers' awareness and promote positive ideals through socially conscious actions. As Mr. Vrhovac emphasized, the company's primary goal is "to build a bright future for every one of our neighbors."

4. Wagner Automotiv

Overview

Address: Sarajevska 62, 76250 Gradačac, Bosnia and Herzegovina

Tel: +387 35 816 737

Fax: +387 35 816 737

Email: info@wagner-automotiv.ba

Web: <https://wagner-automotiv.ba/?lang=en>

Company information

Industry: Casting of light metals

Year of Establishment: 2012

Sales Revenues in 2017: € 11.8 MIO

Sales Revenues in 2023: € 17.5 MIO

Average number of employees in 2023: 332

Brainer(s) behind the company: CEO Ensar Omeragić, MBA

Nature of market leadership

Wagner Automotiv was established in 2012 as a joint venture between TMD AGS Ltd (BIH) and Wagner Waldstatt AG (Switzerland). The company delivers 90% of its products to the EU-based automotive industry, and its customers are reputable Tier 1 suppliers. Producing specific car parts from processed aluminum requires specific technology and knowledge in metal processing, primarily aluminum (high-pressure die casting), which represents the core element of the company's market leadership. In addition, the company can rapidly find necessary solutions and has a highly favorable location.

Nature of competitive advantage

The nature of Wagner Automotiv's competitive advantage lies in high productivity, product quality, technological know-how, and vertical integration. The company has a tool shop, an indispensable working component in production, owned by a domestic co-owner. The company creates and sustains long-term relationships with all actors throughout the value chain, particularly with suppliers and customers.

Core lessons learned on the path to success

1. Investing and maintaining know-how through employees is key to success.
2. In a technology-intensive industry such as aluminum processing, one must be willing to continuously find innovative solutions, experiment, take risks, and learn from mistakes.
3. Building and maintaining long-term relationships with customers is critical. It is essential to try to focus on the product portfolio, which is crucial for the business, while also focusing on the diversification of the customer portfolio to mitigate the business risk.
4. Vertical integration enhances agility and competitive advantage. By controlling multiple stages of production, companies optimize processes and meet market demands, enabling long-term success and resilience.

Management and leadership development needs

In BIH, education catering to the needs of this business sector is very limited and scant. Engineers require training in advanced manufacturing techniques and industry-specific procedures to keep up with technological breakthroughs and enhance production efficiency. Also, proficiency in precise tool and die manufacture is crucial. Since the current education system provides limited training in these essential skills, to bridge this gap, specific knowledge and experiences are provided, on a small scale, through specialized fairs and business events.

Financing and regulatory environment development needs

Since this sector has solid growth potential in BIH, financial and other regulatory institutions might support companies by providing better access to funding sources.

Pandemic's Impact on "Hidden Champions" Business Approach

The general decline in the automotive industry led to lower demand for Wagner Automotiv products. However, the broad product portfolio and the stability of the company's customers were the basis for its stability during COVID-19.

Effects of the Ukraine War on "Hidden Champions" Business Operations

The crisis in Ukraine turned out to be an opportunity for the company. Namely, the problems in the supply chain resulted in the geographical reallocation of production, shifting it to European countries. Thus, thanks to its location, Wagner Automotiv used this crisis and turned

the threat into an opportunity.

"Wagner Automotiv: The hidden story behind the Lord of the Aluminium"

Wagner Automotiv is a relatively young company, founded in 2012 in a small town in the northeastern part of BiH. The company supports a dynamic work environment where passion for work is valued, and diversity is celebrated without room for discrimination. The company specializes in producing specific parts from processed aluminum, primarily for the needs of leading global companies in the automotive industry. As director, Mr. Ensar Omeragić, states, the company is guided by the mission of "being a reliable supplier of aluminum castings and becoming a recognizable brand in this branch of the metal industry."

The company's products, such as aluminum housings for board computers, entertainment systems, and e-mobility, require a specific manufacturing process and distinct technology: high-pressure die casting, which involves casting aluminum under high pressure. Knowledge, experience, and know-how in producing such complex products are critical factors behind the company's success. Wagner Automotiv primarily operates internationally, serving customers such as Mercedes, Audi, BMW, Land Rover, VW, and Ferrari. By leading the industry, Wagner Automotiv places itself at the top of the list of aluminum processing companies.

Market leadership is based on the company's agile work and ability to achieve competitive pricing swiftly through innovative solutions and streamlining. This is highly related to a vertical integration of essential technological components, which refers to the possession of a tool shop that enables the production of specific parts (tailored for each product). In case some issues arise, corrections can be made very quickly. Also, new and/or replacement components for existing tools are produced within a short period. In addition, the location of the Wagner Automotiv also represents an essential element of market leadership. The company is available 24 hours a day for its customers from different countries, which enhances its reliability and competitive advantage.

Bulgaria

1. LEX GROUP

Company information

Overview

Address: Botevgrad, Industrial Zone, Tsar Osvoboditel Blvd. 28, Bulgaria

Phone: + 359 723 68 830

Fax: N/A Email: office@leksgroup.com

Website: <https://www.leksgroup.com>

Industry: trade in household goods (built-in household appliances and kitchen washing systems).

Year of establishment: 1989

Sales revenues for 2019 – 12.81 million euros, 2020 – 11.23 million euros, 2021 – 12.99 million euros

Sales revenue ten years before (2009 or 2011): for 2009 – 8.68 million euros

Average ROA/ROE in the latest year (2019): 7.6/8.3

Average ROA/ROE 10 years before (2009): 2009 ROA/ROE – 10.3/13.3

Latest debt-to-equity ratio: 0.28

Number of employees in the latest years (2019 - 109, 2020 - 97 and 2021 - 99)

Nature of market leadership

LEKS GROUP is a joint-stock company with over 30 years of experience. It was established in a small town near the Bulgarian capital city of Sofia. Thanks to the entrepreneurship, hard work, and leadership qualities of its founder, who is its active driver to this day, it has developed steadily over the years, maintaining its status as a family business. The two children of the company's founder gradually gained experience in its activity, completed appropriate higher education, and are currently involved in the management and ownership of the joint-stock company. Today, LEKS Group is the only international company in the Balkans with close specialization in importing and selling household electrical appliances for installation and washing systems on the territory of 5 countries - Bulgaria, Serbia, Macedonia, Montenegro, and Kosovo.

Initially, LEKS Group's market leadership was based on the fact that, since 1998, it has been the exclusive representative of one of the world's leaders in the production of hoods - the Italian company FABER, whose good production and management practices and know-how it borrowed and successfully applied. Subsequently, the company's market leadership was no longer due only to using the Italian company's brand name. LEX Group has succeeded in gradually increasing its market presence and market share in the five Balkan countries by applying appropriate strategies for creating its own brands, product differentiation, product innovation, and improving customer relationships, emphasizing building an appropriate logistics network and after-sales service.

At the same time, the development vision of the company's founder adheres to the idea of imposing on the market a limited number of commercial brands for its most successful products, emphasizing their promotion and not so much on promoting the company's name itself. Therefore, we believe that LEKS Group can be described as the "hidden champion" of Bulgaria. It was established as a small and continues to develop medium-sized family company, which started in a small town near the capital, but achieved a successful international presence with dominant market positions in a narrow market niche in 5 Balkan countries with an annual turnover of millions of euros. The LEKS Group has been resilient to turbulences and economic downturns throughout its existence, including the hyperinflation in Bulgaria in 1996, economic crisis in 2009, the COVID-19 pandemic, and the resource crises caused by the war in Ukraine. The company achieves this by adhering to strategies of product innovation, geographic expansion, improving quality and customer relationships along the supply chain, and investing in continuous training and development of personnel.

Nature of competitive advantage

Over the years, LEKS Group has expanded the range of products and services offered, which, however, remains narrowly focused on satisfying a certain type of customer need - built-in appliances and washing systems in kitchen furniture. For this purpose, the company gradually registers two trademarks, invests in improving the product mix and appropriate marketing strategies, and improves quality and a system for its own service and logistics along the supply chain. LEKS group successfully manages customer relations, builds partnership relations, and gains the trust of its customers and partners in the furniture sector.

The company's head office from its creation until today is in the city of Botevgrad, 50 km from the capital Sofia, where LEKS Group has a modern material base consisting of closed warehouse areas, an administrative building, an exhibition hall, a building for the production of furniture and service laboratory. In 2004, LEKS Group patented the Eurolux trademark for all European countries, offering the largest range of built-in appliances for the modern kitchen. Two years

later - in 2006 - the company patented its second own trademark - LINO, which successfully established itself on the international markets where the group operates.

All products under the Faber, Eurolux, and Lino brands are realized both from the company's own sales offices in the larger cities of the countries in which it operates and through the established wide distribution network of partners—regional chains of furniture stores, leading furniture companies, and showrooms.

An exceptional competitive advantage for LEKS Group is its own service network built on the territories of Bulgaria, Macedonia, and Serbia, which the company is constantly expanding, improving, and developing. In 2012, LEKS Group was nominated as an honorary member of the "Council of the European Business Community". This can also be taken as public recognition of the company's international success - a hidden champion.

Over the years, another source of competitive advantage for the LEKS group is the systematic and constant investment in training and talent development activities. The company does this both independently and with the support of manufacturers and supply chain partners. In the period 2013-2014, in partnership with the world leader in the production of hoods - the Italian company Faber S.P.A., LEKS Group won and implemented a European project for "Development through transnational cooperation and exchange of experience" of its employees. It is fully financed by the Operational Program "Development of Human Resources", co-financed by the European Social Fund of the European Union. The project carried out various activities, including specialized training of 37 employees from the LEKS group team at Faber S.P.A headquarters in Italy.

Core lessons learned on the path to success

We can outline several key lessons that led the company to its success. A key factor was maintaining a focused niche strategy. This enabled Leks Group to build strong market positions without diluting its brand identity. Rather than expanding into unrelated product categories, the company invested in depth by refining its existing products. Equally important was the long-term commitment of the founder and the gradual integration of the next generation into the leadership roles, which ensured continuity and preservation of core values. Another pivotal element was the company's early engagement in international knowledge transfer. Through collaboration with FABER, Leks was able to adopt world-class production and management practices. In addition, the strategic development of internal capabilities proved essential, particularly in areas such as logistics, after-sales service, and brand management. This was solidified by the recognition of the important role of human capital from an early stage and the ongoing investments in employee training.

Management and leadership development needs

The main challenges facing LEKS Group stem from the lack of young and well-educated personnel who are motivated to make a long career in Bulgaria in companies in the research sector. It would be useful for the development of LEKS group to have information from periodically conducting research among young people in Bulgaria to establish their attitudes towards work in Bulgarian companies, to identify the factors that contribute to their motivation and build attachment and loyalty to the companies, in which they work.

Financing and regulatory environment development needs

LEKS Group's development is constrained by limited access to flexible financing for expansion, innovation and digitalization. While traditional bank loans are available, the company would

benefit from easier access to EU and national funding tailored to mid-sized enterprises. Navigating complex grant procedures remains a challenge. Additionally, regulatory fragmentation in the Balkan region overcomplicates and increases the risks of cross-border operations.

Pandemics' Impact on "Hidden Champions" Business Approach

The COVID-19 pandemic reinforced LEKS Group's commitment to resilience, adaptability and long-term customer relationships. While the company had already built a solid foundation through logistics and service infrastructure, the crisis highlighted the importance of supply chain flexibility and strong local presence. The pandemic also highlighted the value of investing more in people and digital tools, prompting the company to enhance internal processes and workforce development.

Effects of the Ukraine War on "Hidden Champions" Business Operations

N/A.

"Quiet Power: the Rise of LEKS Group"

In the small Bulgarian town of Botevgrad, just outside Sofia, a family business quietly took root in 1989. With determination, foresight, and a deep understanding of customer needs, LEKS Group began its journey in the trade of built-in household appliances. Over the next three decades, this modest venture evolved into a regional market leader across five Balkan countries. Nevertheless, it remained largely unknown to the public.

At the heart of LEKS Group's success is the visionary leadership of its founder, who remains actively involved to this day. From the beginning, the company followed a clear path with a focus on quality, building lasting relationships, and growing steadily. This philosophy enabled LEKS Group to become the exclusive representative of the Italian brand FABER in 1998. This proved to be a turning point that opened doors to international best practices and product excellence.

But LEKS didn't stop here. Over time, it developed its own brands – Eurolux and LINO, tailored specifically for regional markets. The company expanded its product range while staying true to its niche vision: modern, reliable kitchen solutions. With strategic investments in logistics, after-sales service, and distribution networks, LEKS created a seamless customer experience that fueled its reputation.

What truly differentiates LEKS Group is its long-term mindset. It has withstood multiple economic crises, including hyperinflation in 1997, the 2008 global financial crisis, the COVID-19 pandemic, and recent resource shortages. Its strength lies in resilience, steady innovation, and a strong organisational culture. The involvement of the founder's children in the management team reflects a careful approach to leadership continuity, blending tradition with modern perspectives.

Additionally, LEKS has always placed a strong emphasis on employee development, launching training programs and participating in EU-funded transnational cooperation projects to build skills and loyalty within its workforce.

Today, LEKS Group is not just a household name in appliances. It is a symbol of how quiet determination, smart strategy and customer dedication can power success beyond borders.

2. Kinetik Automotive

Overview

Address: Gledka Primorski, Perunika St, 9010 Varna. 28, Bulgaria
Tel: +359 882023636
Email: info@kinetikautomotive.com
Web: <https://kinetikautomotive.com/>

Company information

Industry: 29.10 Manufacture of motor vehicles / 85.60 Educational support activities
Electric vehicles/karts/educational kits – Kinetik Automotive creates highly customizable products that not only meet the specific needs and requirements of the clients but also match their personalities.

Year of Establishment 2019

Sales Revenues in 2019: 12600 BGN

Sales Revenues in 2022: 412000 BGN

Average number of employees in 2023: 12

Brainer behind the company: Teodosiy Teodosiev

Nature of market leadership

Currently, there is a lack of Electric Go-Kart platforms and no base for pilots to start learning. Kinetik is one of the global pioneers to fill this gap. They represent a paradigm shift in the world of electric karting, redefining the standards of speed, control, and innovation. The pulse of innovation beats at the heart of Kinetik Karts' electric go-karts. Proprietary telemetry, user-friendly and integrated software control, and the potential incorporation of graphene battery technology exemplify their commitment to pushing technological boundaries.

Kinetik Automotive aims to capture a 12.1% share of the global new sports kart market, which is valued at approximately 600 million EUR annually, with a steady growth rate of around 3.1%, within the first three years, projected to reach approximately 73 million EUR of revenue at a profit margin of nearly 17%.

Currently, there is a gap in electric motorsports, where there are high-level championships and no base from which the pilots can start learning. There is also a lack of Electric Go-Kart platforms, and Kinetik is one of the pioneers in this E-Moto sport.

In addition to that, in response to a prevailing issue in the educational system, Kinetik Automotive actively contributes to the development of STEM education. Their response involves offering electric karting kits designed for the STEM program, enabling students to assemble components and engage with electronics, mechatronics, physics, marketing, design, and more. This is a unique offering worldwide without any direct competitor.

To sum up, Kinetik Automotive addresses the following market needs:

- Accessible Entry Point: By offering a highly-integrated consumer-oriented solution for electric motorsports, Kinetik E-Karts bridges the gap between high-level championships and grassroots learning.
- Reduced Maintenance Costs: Kinetik's electric karts have significantly lower maintenance expenses compared to traditional internal combustion engine karts.
- Adaptability and Affordability: The karts' unique adaptability across divisions eliminates the need for multiple purchases, making the sport more affordable and versatile for pilots and teams.
- Environmental Responsibility: Through electric propulsion, Kinetik E-Karts play a pivotal role in reducing carbon emissions associated with motorsports, aligning with growing environmental concerns.

- Addressing Educational Gaps: Kinetik's engagement in STEM education fills the educational gap by providing students with hands-on experience in various fields, fostering skills vital for technological progress.
- Equitable Representation: With a commitment to gender balance, Kinetik Karts champions inclusivity in motorsports, encouraging equal participation and representation across all roles within the team.
- Technological Innovation: Incorporating telemetry and cloud-based technology, Kinetik E-Karts empower pilots with real-time data, propelling technological innovation within the sport.

Nature of competitive advantage

Currently, there are between five and seven competitors/manufacturers of performance/professional electric go-karts in the world.

Kinetik E-Karts revolutionizes the motorsport landscape by pioneering an exclusive electric division in a world predominantly dominated by Internal Combustion Engine (ICE) vehicles. Unlike other alternatives in the entry motorsport sphere, Kinetik E-Karts breaks free from the conventional paradigm. It not only caters to the surging interest in eco-friendly alternatives but also fulfils the unmet demand from aspiring young racers eager to dive into the electrifying world of electric racing. No other brand, be it in karting, motorcycles, cars, or any other motorsport segment, provides the combination of affordability, collectability, ease of use, real-time data, and adjustable performance that Kinetik E-Karts offers.

In tune with the latest market trends, Kinetik E-Karts aligns seamlessly with the global surge in Electric Vehicle (EV) market share, a remarkable 56% increase in 2022, as cited by EV-Volumes.com. This not only underscores the robust appetite for sustainable transportation solutions but also highlights the forward-thinking nature of Kinetik E-Karts. It's not just a choice; it's a progressive decision that aligns with the shift towards greener mobility alternatives.

Furthermore, as society's fascination with motorsports surges, as evident by Formula 1's booming engagement on social media platforms, Kinetik E-Karts taps into this evolving societal interest. It offers an electrifying experience that profoundly resonates with the emerging generation of motorsports enthusiasts. The world is changing, and Kinetik E-Karts is at the forefront, offering a unique entry point into the motorsport world that transcends traditional boundaries.


One of the standout advantages of Kinetik E-Karts lies in its exceptional cost efficiency. Traditional ICE karts typically involve ongoing expenses, from regular engine replacements to chain repairs and filter maintenance. Electric karts, on the other hand, demand minimal upkeep, focusing on routine chain and driving component maintenance along with recharging. This shift results in significantly reduced maintenance costs over time, democratizing motorsports and making it accessible even to those without extensive financial backing or sponsorship. In an industry where every dollar counts, Kinetik E-Karts offers a clear advantage.

Competitors may exist, but none can match the comprehensive package that Kinetik E-Karts brings to the table. Direct rivals like Rotax E20 may confine pilots to specific championships without ownership rights, but Kinetik E-Karts breaks free from these limitations. The pilots not only have the option to purchase their electric go-karts but can also actively participate in championships through a specialized service. The disparities extend further in terms of functionality. Unlike Rotax E20, Kinetik's karts are equipped with real-time telemetry, enabling pilots to benefit not only during races but also during training sessions. This advanced feature contributes significantly to a comprehensive and effective learning experience, setting Kinetik E-Karts apart in the industry.

Among the contenders in the racing world, one standout competitor, Blue Shock Racing, may offer the appeal of ownership and the opportunity to participate in championships. However, when it comes to the technical aspects, Kinetik E-Karts clearly outperform in terms of weight, acceleration, and top speed. These advantages alone provide an enhanced racing experience. But what sets Kinetik E-Karts in a league of its own is the incorporation of advanced real-time telemetry and user-friendly karting software that enables precise control and learning. Unlike Blue Shock Racing, Kinetik E-Karts equips its machines with a sophisticated telemetry system, providing real-time data acquisition and analysis capabilities. With this feature, racers can fine-tune their karts' performance during training sessions and races, gaining an edge over the competition.

Exhibit: Competitors Comparison

Kinetik E-Karts in the Electric Karts Market



	KINETIK	ROTAX	BLUESHOCKRACE	OTL
Power	40 kW	24 kW	33 kW	23 kW
Weight	115 kg	142 kg	116 kg	120 kg
0-100	3.5 s	3.5 s	~3.2 s	5.7 s
TOP Speed	135 km/h	135 km/h	135 km/h	112 km/h
Telemetry	Our own Telemetry!	3rd party "MyChron" Telemetry by AIM	3rd party "MyChron" Telemetry by AIM	3rd party "MyChron" Telemetry by AIM
Championship as a service	Yes	No	No	No

Source: Company data.

Core lessons learned on the path to success

Kinetik's success can be attributed to several key factors:

Innovation and Iteration

Kinetik's commitment to innovation has been a cornerstone of its success. The company has consistently sought to push the boundaries of electric karting technology, introducing new features and improvements with each iteration. This iterative approach has allowed them to learn from their experiences, refine their designs, and stay ahead of the competition. By embracing a culture of continuous improvement, Kinetik has been able to deliver products that meet the evolving needs of its customers and exceed industry standards.

Partnerships and Collaboration

Kinetik's strategic partnerships have played a vital role in their growth. Collaborations with industry leaders like Maranello and Nvidia have provided access to valuable expertise, resources, and testing facilities. These partnerships have enabled Kinetik to accelerate its development process, enhance its product offerings, and gain credibility in the motorsport industry. Additionally, Kinetik's participation in racing championships has allowed them to test their products in real-world conditions and gather valuable feedback from professional drivers.

Data-Driven Approach

Kinetik's use of telemetry has been instrumental in their ability to optimize performance and make data-driven decisions. By collecting and analyzing vast amounts of data, Kinetik has been able to identify areas for improvement, fine-tune its designs, and enhance the driving experience. The real-time feedback provided by telemetry has also enabled drivers to make adjustments on the fly, improving their performance and reducing the need for costly mechanical interventions.

Sustainability and Environmental Focus

Kinetik's commitment to sustainability aligns with growing market trends and environmental concerns. By focusing on renewable energy infrastructure and developing electric go-karts, Kinetik is contributing to a cleaner and more sustainable future. This focus not only differentiates Kinetik from competitors but also appeals to a growing segment of environmentally conscious consumers.

Talent and Team Building

Kinetik's success is also a testament to their ability to attract and retain top talent. The company has assembled a diverse team of experts with a wide range of skills and experience. By fostering a collaborative and supportive work environment, Kinetik has been able to leverage the strengths of its team members and drive innovation. Additionally, the company's focus on employee development and retention has ensured that they have a skilled and motivated workforce.

Overcoming Challenges

Despite facing significant financial challenges, Kinetik has persevered and found creative solutions. The company's ability to navigate the complexities of fundraising and secure necessary capital has been crucial to its survival and growth. Additionally, Kinetik has demonstrated resilience in overcoming regulatory hurdles and adapting to the changing landscape of electric mobility.

In summary, Kinetik's success is a result of a combination of innovation, collaboration, a data-driven approach, sustainability focus, and a strong team culture. The company's ability to adapt, learn, and overcome challenges has been essential to its journey. By consistently striving to improve their products, leverage partnerships, and embrace emerging technologies, Kinetik has positioned itself as a leader in the electric karting industry.

Management and leadership development needs

The reality is that e-mobility is a relatively new space, and there are very few people specialized in this space. For example, high-voltage systems, which are related to the automotive power train installations, are a specific domain, which is very crucial the product development process. The lack of knowledge and skills in high-voltage systems can lead to delays in the production time frame and project execution deadlines. For some areas trial and error approach is an alternative which is allowing the team to gain valuable experience until it reaches the most optimal approach, but when it comes to aspects related to health and safety of the potential customer, they need the right talent and skill set to execute those types of engineering systems in their product. That is why the company are approaching outside consultants who are specialized in the field.

Financing and regulatory environment development needs

Exploring avenues for grants, Kinetik turned its attention to EU structural (Bulgarian) funding possibilities. They encountered a roadblock, as these grants typically required companies to have a minimum of three years of operational history and are capped at maximum funding

levels that would not make a big difference. This condition presented a barrier for Kinetik, given their relative novelty in the industry and R&D intensive engineering roadmap.

Pandemic's Impact on "Hidden Champions" Business Approach

Due to the broken supply chains and extended manufacturing production lifecycles, Kinetik were forced to develop new skills in order not to rely on external suppliers. This resulted in re-shaping what they can create/manufacture themselves in-house. Some of the solutions were pretty efficient. For example, they used 3d printing techniques and competencies to create their own parts and components and thus not to rely on 3rd party suppliers.

Effects of the Ukraine War on "Hidden Champions" Business Operations

The effect was similar to the one outlined in p. 2.2.6. We could add to the impact of the resource crisis, which changed the prices of some of the components, such as batteries or chassis parts (made from aluminum). This led to the need to rethink the product pricing and come up with more creative ways for additional upsell or revenue streams.

“Charging Ahead: the Kinetik Story”

In the coastal city of Varna, Bulgaria, a bold idea took shape in 2019, an idea that would revolutionize electric motorsports and reimagine how young people learn through technology. This idea became Kinetik Automotive, founded by visionary engineer Teodosiy Teodosiev. What started as a small team with limited resources soon evolved into one of the world’s pioneers in electric go-karts and STEM mobility education.

Kinetik entered the market with a clear purpose: to fill the massive gap between elite motorsport and grassroots participation, especially in the electric vehicle segment. Their solution was both simple and groundbreaking: create adaptable, user-friendly, and high-performance electric karts, integrated with real-time telemetry and smart software. At the same time, the company introduced educational kits, allowing students to assemble and explore e-mobility systems hands-on, combining physics, engineering, design, and innovation in a single learning experience.

What set Kinetik apart was not just its technology, but its culture of innovation, agile leadership, and deep commitment to purpose-driven impact. The company thrived on iteration, constantly refining its products through real-world testing, customer feedback, and championship participation. Partnerships with global tech leaders and a data-driven approach to product development elevated its credibility and performance.

Kinetik’s unique value proposition lies in offering more than a vehicle – it offers experience. The karts are not only fast and efficient but also educational and inclusive, designed for wide access. The company’s forward-thinking mindset, environmental responsibility, and ability to overcome funding and supply chain challenges have turned it from a local startup into a global trendsetter.

Today, Kinetik continues to charge ahead – and make its impact on shaping the future of mobility, education and sustainable technology.

Croatia

1. Agrivi

Overview

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Web: <https://www.agrivi.com>

Company information

Industry⁵: J.62 Computer programming, consultancy and related activities

Year of Establishment: 2013

Sales Revenues in 2017: 250 thousand EUR

Sales Revenues in 2023: 2 million EUR

Average number of employees in 2023: 35

Brainer behind the company: Matija Žulj

Nature of market leadership

Agrivi, among others, is emerging as a frontrunner, thanks to its strong global brand recognition and significant investments in product development. Agrivi's competitive edge is strengthened by its adaptability to serve diverse agricultural markets with tailored, IT comprehensive solutions focused on various crop types. This approach not only broadens its market presence but also ensures that farmers receive specialized support to optimize production and increase sustainability and profitability. Despite the market being fragmented, Agrivi estimates its global market share at 0.2 %, exceeding competitors. The market landscape has changed notably due to the rise of agritech startups, prompting a consolidation phase. Over the past 3 to 5 years, Agrivi has increasingly focused on export, resulting in a higher share of export activities. The international business volume has been growing, while the willingness to embrace agricultural digitalization in Croatia could be faster.

Nature of competitive advantage

Agrivi initially stood out in the agritech industry due to its technological superiority. However, over the past 3 to 5 years, its competitive advantage has evolved. Today, Agrivi's strength lies in its technological capabilities, market approach, and exceptional customer support, crucial for successful digital transformation. In Europe, Agrivi faces limited competition from two to three pan-European rivals, setting it apart from single-country competitors. This signals a significant shift in the agritech competitive landscape, marked by consolidation and a stronger emphasis on customer-centric strategies. By prioritizing customer support and market approach, Agrivi has differentiated itself and solidified its position in the industry. Agrivi understands the importance of innovative technology and need for providing a guidance for effective implementation. In the increasingly competitive agritech sector, Agrivi's customer-centric focus and strategic market expansion set the stage for ongoing growth and success, spearheading the digital revolution in agriculture.

Core lessons learned on the path to success

For Agrivi, core lessons learned on the path to success can be summarized as:

- Start with the right target: Agrivi initially targeted SMEs but quickly recognized the need to shift focus as market conditions revealed slower adoption of digital solutions.
- Adapt to market realities: Agrivi learned to pivot towards value chains and enterprise growers who showed greater receptiveness to digital solutions.

⁵ According to NACE Rev. 2

- Strategic pivot drives growth: Agrivi adopted its strategy to capture emerging opportunities, leading to significant revenue growth. Stay aligned with the market: By focusing on the most receptive market segments, Agrivi positioned itself as a leading player in the digital agriculture industry

Management and leadership development needs

Agrivi emphasizes the continual enhancement of employees' skills, particularly in international B2B sales. Croatia's market lacks talent and experience in this area, presenting challenges for Agrivi's global growth. Unlike the traditional relationship-based sales approach common in the country, Agrivi requires a robust outbound B2B strategy. To bridge this gap, Agrivi is establishing an agritech education program, reflecting its commitment to continuous learning and development for all employees. In the rapidly evolving agricultural industry, ongoing education and learning are crucial to staying updated on the latest advancements, trends, and best practices. Agrivi acknowledges the need for continuous education to ensure its employees, managers and leaders remain well-informed and capable of contributing effectively to the company's success. By investing in the development of leadership and technical skills, Agrivi aims to cultivate a competent workforce capable of meeting the challenges of the dynamic agrotechnology market and driving the company's growth and innovation.

Financing and regulatory environment development needs

Agrivi recognizes the significant influence of agricultural subsidies on the pace of digitalization in Europe. Farmers predominantly purchase capital-intensive solutions only when subsidized by the EU. However, the EU now favors subsidy applications that include digital investments, encouraging farmers to embrace technology. The EU has allocated 10 billion euros through the Green Deal initiative to subsidize digital solutions from 2021 to 2027, driving stronger adoption of digital solutions in agriculture.

Another significant regulatory push is the ESG (Environmental, Social, and Governance) regulation, which requires companies with over 250 employees, including food companies that source from farmers, to report their environmental and social impact. The first reports under the Corporate Sustainability Reporting Directive (CSRD) is due in 2025 for the financial year 2024. To fulfill these reporting requirements, companies need to collect agricultural production data from farmers, making platforms like Agrivi invaluable in facilitating this process. Overall, Agrivi anticipates that these regulatory demands for data will create additional opportunities and incentivize the industry to respond effectively to sustainability and transparency requirements.

In terms of collaboration, while specific financial institutions, governmental bodies, and international organizations are not mentioned, Agrivi has a strong track record of successful partnerships with various stakeholders in the industry.

AGRIVI: The Hidden Champion

Agrivi, a leading company in the field of digital agriculture, has been at the forefront of tackling global food challenges since its establishment in 2013. Through their innovative technology solutions, they are dedicated to revolutionizing farming practices. By digitalizing agriculture, Agrivi provides farmers with real-time agronomic insights and promotes sustainable practices that contribute to a resilient and sustainable food supply chain. Their comprehensive suite of

digital agriculture solutions covers every aspect of the food production process, empowering farmers with tools for efficient farm management and facilitating collaboration with stakeholders. Agrivi's holistic approach addresses critical issues such as food security, nutrition, climate change, soil health, and farmer livelihoods. With their commitment to making a positive impact on millions of people worldwide, Agrivi has already made significant strides in driving change within the industry. Their innovative solutions have empowered farmers to optimize production, reduce environmental impact, and increase overall efficiency. By leveraging technology and data-driven insights, Agrivi continues to be a trusted partner for farmers, enabling them to overcome challenges and unlock the full potential of sustainable agriculture.

Agrivi's success is driven by several key factors. Firstly, Agrivi's leadership demonstrates a clear vision for solving global food challenges through innovative technology solutions. They are committed to creating a resilient and sustainable food supply chain. Secondly, their agricultural technology, including farm management software and analytics, provides farmers with tools to optimize operations, positioning Agrivi as an industry leader. Additionally, Agrivi's emphasis on understanding and meeting customer needs through continuous engagement has built trust and loyalty among their growing customer base. Their strategic approach to market expansion, particularly into emerging markets like Latin America, the United States, and Asia, has diversified revenue streams and reduced dependence on any single market. Agrivi places a strong emphasis on strategic marketing, harnessing content marketing through various online channels such as its website, social media platforms, and newsletters. By prioritizing content marketing, SEO, and public appearances, Agrivi effectively promotes its brand and solidifies its market position. Continuously adapting its marketing approach enables Agrivi to overcome challenges and communicate its digital agriculture solutions to its target audience. Agrivi's commitment to continuous innovation and research ensures they remain at the forefront of agricultural technology advancements, delivering cutting-edge solutions that address evolving industry needs. With a dedicated team, industry expertise, and strategic partnerships, Agrivi is well-positioned for sustained growth in the agricultural technology sector. Finally, Agrivi has demonstrated adaptability and resilience by adjusting to changing market conditions during crises such as the COVID-19 pandemic and the resource crisis caused by the conflict in Ukraine. The COVID-19 pandemic significantly impacted Agrivi's business operations, leading to a shift towards online formats and digital communication channels. Initially, the company faced challenges as many companies adopted a wait-and-see approach, causing a temporary halt in ongoing discussions and projects. Despite this, Agrivi actively engaged in virtual conferences and events, leveraging online channels to generate leads, with the founder playing a prominent role as a speaker. While adapting to the new circumstances, Agrivi found success in maintaining communication with potential customers and generating new business opportunities through digital platforms. Agrivi also recognized the enduring importance of personal connections in the agricultural industry. While digital interactions facilitated initial research and interactions, the company realized that the subsequent stages of the sales process often required face-to-face engagement to build trust and strong customer relationships. Therefore, Agrivi emphasizes the need to strike a balance between digital interactions and maintaining personal connections to effectively meet the specific needs of its customers in the agricultural sector.

During the global resource supply crisis triggered by the conflict in Ukraine, Agrivi's business remained relatively unaffected due to its limited involvement in the region. However, the company observed broader impacts on the European market, characterized by a slowdown in new investments and heightened caution among businesses due to the high price growth of

inputs. To adapt to these circumstances, Agrivi strategically shifted its focus to regions less affected by the resource crisis. Consequently, the company experienced improved performance and revenue generation in markets like Latin America, the United States, and Asia. This strategic pivot resulted in a larger portion of Agrivi's revenue now originating from these regions, rather than Europe. While the direct impact on Agrivi's operations was minimal, the ripple effects of the resource crisis and the cautious approach in Europe influenced the company's business strategy. By proactively adjusting their market focus and capitalizing on opportunities in less affected regions, Agrivi effectively navigated the challenges posed by the global resource supply crisis while sustaining its growth trajectory.

In conclusion, Agrivi exemplifies the essence of a hidden champion in the digital agriculture industry. Defined by Hermann Simon, hidden champions are niche market leaders, often unknown to the wider public but integral to global markets and innovation. Agrivi's global presence, robust export activities, and focused approach to modern agriculture solidify its hidden champion status. Under visionary leadership, Agrivi has pursued technological advancements and strategically navigated market dynamics to lead in the agro-tech sector. The company's commitment to empowering farmers with innovative digital solutions aligns with hidden champions' traits of dominating their segments and driving advancements behind the scenes. Agrivi's ability to adapt swiftly to changing conditions, such as the COVID-19 pandemic and global resource crises, underscores its agility and market influence. By maintaining a customer-centric approach and prioritizing sustainable agricultural practices, Agrivi continues to lead the industry, reflecting the hidden champion's focus on long-term performance over short-term visibility.

2. Farseer

Overview

Address: Bosanska 3, 10 000 Zagreb, Croatia

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Company information

Industry⁶: 62.01 Computer programming activities

Year of Establishment: 2021

Sales Revenues in 2021: 87 thousand EUR

Sales Revenues in 2023: 954 thousand EUR

Average number of employees in 2023: 16

Brainers behind the company: Founders Matija Nakić, Luka Mijatović, Matej Trbara and Zrinko Dolić

Nature of market leadership

Despite its current global market share below 1%, Farseer is well-positioned for growth and poised to challenge the dominance of established players like Oracle, who command approximately 25% of the market share. With 9.6% of regional market - former Yugoslavia countries - Farseer is among five top competitors (Oracle, IBM and SAP). Farseer stands out in the market through its cutting-edge technological solutions and a strong commitment to

⁶ According to NACE Rev. 2

customer-centricity, distinguishing itself from its competitors. This strategic approach not only positions the company for robust competitive advantage but also sets a solid groundwork for sustained growth and innovation in the future. Farseer is poised to reshape the financial planning and analysis market (FP&A) by continually innovating and aligning with industry trends. The company focuses on exceptional customer support and effective implementation strategies to cultivate strong client relationships and position itself as a trusted business growth partner. As Farseer expands its market presence and diversifies its product portfolio, it not only aims to serve a wider array of industries but also to tap into new revenue streams. Additionally, Farseer is strategically partnering with complementary technology providers and data sources, enhancing the value of its solutions and creating a more integrated analytics ecosystem for its clients. These efforts collectively strengthen Farseer's potential to emerge as a significant industry player and redefine the landscape of data analytics.

Through these initiatives, Farseer aims to steadily increase its market share and establish itself as a formidable player in the data analytics industry. As the demand for data-driven insights continues to grow, Farseer's strategic investments and commitment to innovation position it for long-term success and leadership in the ever-evolving data analytics landscape.

Nature of competitive advantage

In recent years, the industry has witnessed the emergence of the third generation of planning solutions, exemplified by Farseer. These solutions are exclusively cloud-based, offering expedited implementation processes and enhanced user experiences. Unlike their predecessors, third-generation solutions prioritize flexibility, user-friendliness, and adaptability to diverse business needs. Farseer's competitive advantage is further amplified with a high-level of user autonomy. Through a customer-centric approach, Farseer collaborates closely with organizations to understand their unique challenges and goals, tailoring models and processes accordingly. This personalized approach ensures that Farseer's highly relevant and impactful solutions enable businesses to extract maximum value from their data assets. With their AI expertise, advanced algorithms, and focus on customization, Farseer stands out as a trusted partner for businesses seeking to leverage the power of data analytics to drive growth and success in the competitive digital landscape. Due to all the aforementioned, Farseer has been included in the list of the best global third-generation FP&A solutions for two consecutive years (2022 and 2023). This list is compiled by the Business Partnering Institute in collaboration with some of the most influential figures in the FP&A domain.

Core lessons learned on the path to success

For Farseer, core lessons learned on the path to success can be summarized as:

- Trust in your vision: Farseer's journey demonstrates the power of self-trust, showing how a startup can successfully compete with industry giants like SAP, Oracle, and IBM by validating its potential through significant victories.
- Leverage innovation: Farseer's success is built on embracing cutting-edge technologies in AI, advanced algorithms, and data analytics, enabling the company to deliver groundbreaking solutions that secure a competitive edge.
- Prioritize customer needs: Farseer's customer-centric approach, focusing on understanding and addressing clients' unique requirements, has been crucial in establishing trust and building long-term relationships.

- Commit to continuous improvement: Farseer emphasizes ongoing research and development, along with strategic partnerships, ensuring their solutions remain cutting-edge and highly effective in the rapidly evolving digital landscape.

Management and leadership development needs

In the company, one of the underdeveloped skills is the ability to generate SaaS (Software as a Service) demand and conduct sales on a larger scale. This is mainly due to the limited presence of established SaaS companies in Croatia, which requires more experienced professionals in these specific roles. To address this challenge, Farseer can proactively foster an internal SaaS expertise hub, creating a knowledge-sharing platform or community where employees can exchange insights, best practices, and industry trends related to SaaS demand generation and sales. This collaborative environment would empower employees to learn from one another and collectively develop their skills in these areas.

Farseer can cultivate external partnerships and collaborations to overcome the scarcity of experienced professionals. By partnering with established SaaS companies outside of Croatia, Farseer can tap into their expertise and gain valuable insights into demand generation and sales strategies. Collaborating with industry leaders could provide access to mentorship, training opportunities, and exposure to successful SaaS sales methodologies, enabling the company to scale its sales efforts more effectively. Continuous education is essential for all Farseer employees, with a collective commitment to self-improvement, emphasizing constant reinvention and returning to work with enhanced knowledge. While there are no dedicated SaaS universities, individuals are advised to pursue technical disciplines like computer science, mathematics, or physics, and gain practical experience by working for startups in areas such as product development, sales, or marketing. Saastr.com is recommended for comprehensive insights into the SaaS industry.

By fostering an internal SaaS expertise hub, cultivating external partnerships, and promoting continuous education, Farseer can address the skills gap in SaaS demand generation and sales, strengthening its capabilities in these areas and positioning itself for growth in the evolving software industry.

Financing and regulatory environment development needs

Farseer operates as a Venture Capital-Backed entity. With a strategic roadmap that includes a planned series A funding round in 2025, following a successful seed round in 2023, the company is poised for the next phase of growth and advancement. However, Farseer recognizes that its development needs in terms of financing extend beyond the series A funding round. To sustain momentum, the company may explore additional avenues for capital infusion, such as strategic partnerships or debt financing, to drive further expansion and innovation. Furthermore, Farseer acknowledges the criticality of navigating the regulatory environment. By prioritizing up-to-date knowledge and compliance with evolving regulations on data privacy, cybersecurity, and industry-specific standards, Farseer aims to uphold trust, safeguard against potential risks, and ensure long-term success in its operations.

Farseer: The Hidden Champion

Farseer stands out as a leading data analytics company due to their expertise in developing advanced algorithms and leveraging machine learning techniques. Their intelligent and flexible solutions enable businesses to transform raw data into valuable insights, empowering decision-makers to make informed choices. By incorporating cutting-edge technologies such as natural

language processing and computer vision, Farseer enhances the capabilities of organizations to extract meaningful patterns and trends from complex data sets. With their commitment to helping businesses thrive in the digital era, Farseer plays a pivotal role in enabling companies to stay ahead of the competition and drive sustainable growth.

The company's success can be attributed to several key leadership factors demonstrated by its founders. Their visionary mindset provides a clear and compelling vision of the future, effectively communicated to inspire and align the organization toward a shared purpose. The founders have cultivated a strong company culture, building a dedicated team that views the company as their own and works collaboratively to achieve its goals. This environment fosters high productivity and swift delivery of innovations. Additionally, the founders instill a sense of urgency and drive, ensuring rapid progress despite being a young player in the industry. They emphasize staying ahead by leveraging the latest technologies, enhancing user experience, and positioning the company as an innovator. In summary, the company's success stems from the founders' visionary mindset, strong company culture, relentless focus on execution, and commitment to cutting-edge technologies, driving continued growth and success.

Farseer recognizes the crucial relationship between product excellence and effective distribution. The company embraces continuous innovation, following Zuckerberg's mantra, "Move fast and break things." While maintaining agility, Farseer understands the enterprise software industry's demands and emphasizes enhancing user experience. Farseer is dedicated to exploring efficient distribution methods aligned with product development goals. The vision is to provide a high-quality solution for modeling complex enterprise planning scenarios, including seamless onboarding for industry giants like General Electric. Farseer aims to simplify the process, empowering users to create custom models and control panels, solidifying their market leadership. Recognizing the significance of strong partnerships, Farseer collaborates with technology resellers and implementation consultants to reach a broader customer base. By combining product excellence, continuous innovation, and efficient distribution, Farseer offers a seamless experience, enabling users to navigate complex enterprise planning scenarios with ease and confidence.

During Farseer's early stages, the COVID-19 pandemic posed significant challenges, particularly in acquiring users for meetings. Despite these disruptions, the pandemic's impact on the company was relatively mild. Over the past 3 to 3.5 years, it has become evident that Excel is inadequate for rapid business changes. Manual processes in Excel are time-consuming, taking weeks for tasks like what-if simulations and product additions. Additionally, the exponential growth in data has surpassed human resources' capacity for data management and analysis, fueling the rise of automation and platforms like Farseer, which prioritize leveraging data as a strategic asset. By adapting to crises, including the war in Ukraine, Farseer positioned itself for growth. The resource crisis increased demand for Farseer's services as businesses sought efficient planning and analysis tools. This crisis also accelerated the adoption of cloud-based solutions. Farseer's cloud-only platform provided businesses with flexibility, scalability, and accessibility, enabling deeper visibility into resource utilization and informed decision-making.

Farseer epitomizes a "Hidden Champion" by carving out a niche in enterprise software with innovative financial planning and analysis tools. Leveraging technological expertise and a customer-centric approach, Farseer anticipates business needs and adapts to market dynamics.

Its specialized solutions, including enhanced data analytics and cloud-only platforms, appeal to startups and smaller businesses. By ensuring accessibility and inclusivity, Farseer solidifies its market position and expands its industry influence. As Farseer continues to innovate and pursue sustainable growth, it embodies the spirit of a "Hidden Champion," mastering its niche and setting new standards in business process digitalization and automation.

3. ORQA Ltd

Overview

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Company information

Industry⁷: 26.12 Electronics boards manufacturing and R&D

Year of Establishment: 2018

Sales Revenues in 2018: 170,553 EUR

Sales Revenues in 2023: 6,5m EUR

Average number of employees in 2023: 60

Brainers behind the company: Ivan Jelušić, CSO; Srđan Kovačević, CEO; Vlatko Matijević CTO; Anthony Cake, CTIO

Nature of market leadership

In a very short time, ORQA positioned itself as a global market leader in a tiny, highly technical but fragmented niche of products based on FPV technology. ORQA is one of few companies in the world (outside of Asia) that owns the entire technology stack required to implement a quadcopter FPV drone system. Whereas most of ORQA's competitors are focusing on higher-level integration, claiming the core set of drone technologies is (or soon will be) commoditized, ORQA has been pursuing the first-principles approach to building every critical component in the drone technology stack. ORQA has 7% market share in global FPV headsets market (2023) and is positioned among top 5 globally, or as Top 1 among non-china brands. Their biggest competitors are Chinese companies DJI, Skyzone, iFlight.

Nature of competitive advantage

ORQA competitive advantage is based on its products' portfolio which includes development and manufacturing of video headsets for drone pilots, remote controller units, drones, flight controllers, motor power management systems (ESCs), command and control solutions, ultra-low-latency video streaming solutions, remote vision systems, immersive headsets, and private 5G infrastructure solutions for low-latency video. ORQA is the only company outside of Asia that has vertically integrated portfolio of mission critical components for FPV quadcopter drones. With 80 products in portfolio and markets in 50 countries globally, ORQA produced and sold tens of thousands of units of their products by end of 2023.

Core lessons learned on the path to success

For ORQA, core lessons learned on the path to success can be summarized as:

⁷ According to NACE Rev. 2

- Innovation is key: Constantly strive to innovate and stay ahead of the curve in the rapidly evolving field of drone technology to meet the changing needs of the market and maintain a competitive edge.
- Quality is paramount: Delivering high-quality components that meet or exceed industry standards is crucial for building trust with customers and establishing a strong reputation in the drone industry.
- Collaboration breeds success: Foster strong partnerships and collaborations with other industry leaders, drone manufacturers, and research institutions to leverage collective expertise and drive innovation.
- Customer-centric approach: Understand and anticipate the needs of drone manufacturers and operators, providing them with tailored solutions, excellent customer service, and ongoing support to build long-term relationships.

Management and leadership development needs

Regarding management and leadership, ORQA identifies its development needs in the field of adding soft skills (e.g. communication skills, team work, ...) to people involved in management as well to engineers who are core human resources in the company. Other important missing knowledge is understanding how to implement holistic approach, i.e. how to combine different technical knowledge with design, organization of production process, marketing and finance. Systematic workforce development is a major factor of keeping ORQA to be long term competitive.

Financing and regulatory environment development needs

ORQA considers tax reliefs as a good mechanism to support growth of businesses, especially those with high growth potential. Regulatory environment supporting investments in R&D in order to keep innovative edge for companies with significant export potential would make ORQA's businesses even more competitive on a global stage.

ORQA – Team visioning pays off

ORQA was established in 2018 by three entrepreneurs, engineers by education, with the goal to make high performance FPV products for global drone racing community. Company evolved from making FPV headsets in early years, to having vertically integrated design, engineering, manufacturing and assembly line for more than 80 products. ORQA is on the mission to build complete value chain of drone hardware components Made in EU.

Main leadership factors which contributed to ORQA's success is a strong vision based on good knowledge of changes in technology and customers' needs, accompanied with a very effective communication skills and business integrity. ORQA's leadership culture is based on understanding that successful leaders have a clear and inspiring vision for their organizations. The process of visioning involves the whole team, creating a sense of purpose and direction that motivates and aligns everyone toward common goals. The leading team of ORQA strongly believes that effective communication skills are vital for leaders. They must be able to convey their vision, expectations, and ideas clearly and concisely, while also actively listening to their team members and fostering open and transparent communication channels. ORQA learned that leaders who demonstrate honesty, transparency, and ethical behavior earn the trust and respect of their team. Maintaining high standards of integrity helps establish a positive work culture and fosters strong relationships with employees, stakeholders, and customers.

In the line of such organizational culture, ORQA is implementing a unique human resources approach where majority of employees are company shareholders (around 80% - after some period of being employed, employees get option to participate in Employee Option Pool) what helps company to keep very stable employee structure with minimal churn.

As main drivers of the company's success ORQA considers continuous improvement (innovation, quality), strong supply chain management (collaboration), high adaptability and quick decision making which contributes to fast reaction on changes in customers' needs. It was successfully exercised during the Covid-19 pandemic when ORQA experienced some problems in keeping work dynamics as it used to be. Their reaction was in introducing remote work, focus on supply chain management, optimization and digitalization. ORQA's experience showed that remote work significantly reduced productivity and introduced enormous need for online meetings to coordinate business activities. They quickly abandoned remote work mode and provided on-site working environment in the line of Covid-19 pandemic protection requirements, what paid off by bringing productivity up again.

The main current business challenge for ORQA is to establish credibility as a brand in new markets, outside of B2C market, especially in B2G and B2B markets. Introducing FPV drones and components for professionals (like police, fireworkers, security...) as well for military usage made ORQA competitive on those markets, traditionally ruled by much bigger companies. Despite of high commitment of the work force to the company's vision and goals, ORQA expects that the main future business challenge will be how to keep top talents. There are more companies entering hardware R&D space and drone segment due to its growing spectre of functionalities which will eventually lead to a more competitive environment for top talents. Based on ORQA's experience in working mostly with engineers, they strongly recommend to educational institutions to adopt experiential learning process (using project-based approach). Having in mind global decoupling from Asian supply chains, ORQA's unique position as a Made in EU business is additionally contributing to the company's competitiveness due to recent economic and political geo context.

Ukraine war did not influence directly ORQA's business activities, but had a crucial impact on business strategy and the market ORQA is operating in. Before the Ukraine war, FPV drones and components were exclusive to hobby and consumer clients. Beginning of the war in Ukraine actually made this market dual-use by adding professional (military) users.

Combination of excellent engineering talent, great quality of products and low labor costs makes ORQA very competitive even toward Chinese costs of production, something that is difficult to achieve in western countries and economies. With that in mind, it is likely that Central Eastern Europe could become an industrial base for developed countries, with ORQA leading the game in drone systems and components industry. In achieving this an effective collaboration with education system is crucial.

4. RASCO Ltd

Overview

Address: Kolodvorska 120 b, HR-48361 Kalinovac Croatia

Tel: +385 48 883 112

Fax: +385 48 280 146

Email: rasco@rasco.hr

Web: <https://rasco.hr/en/>

Company information

Industry⁸: 28.30 Manufacturing (production of equipment for the maintenance of traffic infrastructures) 2830

Year of Establishment: 1990

Sales Revenues in 2017: 14,1m EUR

Sales Revenues in 2023: 32,7m EUR

Average number of employees in 2023: 345

Brainers behind the company: 3 Board members: Ivan Franičević, Ružica Petričec Fabijanec and Mario Štefanec

Nature of market leadership

The market leadership evolved from continuous products' portfolio growth and market expansion. Portfolio of products broadened to 70 product lines in 2023 from 17 in 2010, and market expanded to 43 countries, from 13 in 2010. RASCO is global number 4 in the industry niche of producing the communal equipment for winter and summer maintaining traffic infrastructure. On some markets the company is a market leader, for example in Norway, Ukraine, as well as in Central and Eastern Europe. Estimated market share of RASCO is 10% (in 2022) compared to 20 % and 25% for their two largest competitors. In the observed period, RASCO's market share doubled due to geographic market expansion, what resulted in more than tripled export.

Nature of competitive advantage

The nature or competitive advantage is continuously rooted in strong technological advancement and strong R&D investments. It resulted in leading positions on many markets and reduced the number of relevant competitors both on markets in Europe (on 4) as well as in North America (3). The technological shift to more advanced products for markets in western Europe is recently more emphasised what resulted in increasing the share of RASCO on this market.

Core lessons learned on the path to success

For RASCO core lessons learned on the path to success can be summarized as:

- Strong and continuous technological advancement based on strong R&D investments contributes to production of high-quality products.
- Consistent long-term strategy implemented in phases.
- The competitive advantage of the company is based on the continuous improvement of the functionality of the product and simplicity in the production of machines which provides robustness in using and easiness in servicing them.
- Openness to changes, e.g. of further improvement of digital marketing.

Management and leadership development needs

Regarding management and leadership, RASCO identified its development needs in the field of middle management and sales and customer services. The process of growing required changes in organisational structure, what opened the question of middle management and how to acquire people with such skills. Middle managers are supposed to have a deep understanding of operational processes, and to have management skills. The RASCO's growth depends on

⁸ According to NACE Rev. 2

broadening portfolio of products and portfolio of markets, what requires upgraded knowledge related to sales and customer services based on deep understanding of product complexity and potential of customization. Based on its experience in managing the process of growth, RASCO will continue to invest in knowledge and skills of its employees, by offering training on the job inside the company and through collaboration with vocational educational institutions. For example, RASCO financially supports education of its present and future employees in different higher education institutions, like faculties of electrical engineering and computing, or mechanical engineering at the University of Zagreb.

Financing and regulatory environment development needs

Keeping steady and un-interrupted manufacturing process requires significant levels of working capital, what position RASCO as a user of short-term financing. Therefore, attractive rates for short-term financing is an important development need for the company. In order to keep its competitive position on international markets, RASCO pleads for reducing tax and administrative burdens. By doing this, the government would free a significant amount of company's capital to be invested in innovative products and new markets.

RASCO – from two entrepreneurial engineers to internationally recognized company

RASCO emerged from a small craft business established in 1990 by two enthusiastic engineers, Frane Franičević and Darko Paviša. They identified a need for repairing and servicing especially agricultural mechanization, and started with their activities in a small, adapted space of 60m². The company kept their basic business but expanded into manufacturing of own developed professional equipment for maintenance of traffic infrastructure, with strong aftersales support. In 1989, the founders withdraw from the leading roles in the company, but organizational culture based on innovativeness continued. RASCO's products portfolio results from dedicated continuous investments in developing new products or innovative improvements of the existing ones. Competitive advantage and world-wide presence have been achieved with advanced solutions for maintaining urban and suburban infrastructure, highways, mountain roads, airports and waterways (sweeping, de-icing, snow clearing, mowing and washing). The leading idea was simplicity, effectiveness and ease of maintenance, what became a part of RASCO's organizational culture.

During the Covid-19 pandemic, RASCO experienced severe supply chain issues, on which the management responded by developing new supply modes: closer collaboration with suppliers, finding alternative suppliers and offshoring (in 2020 and 2021). The war in Ukraine additionally disrupted some supply chains. Both resource crisis changed numerous internal and supplier-facing processes, but the most important feature of it was strengthening a proactive approach in dealing with supply chain issues.

In RASCO, organisational culture based on personal initiative and responsibility, teamwork, productivity and quality are continuously supported with investments in human resource development. Due to its location (outside of major cities) and its highly technological profile, RASCO always paid attention how to attract specialised personnel in metal industry, what includes investment in education of own future employees. For that purpose, RASCO is participating in on-job training of vocational students (yearly, up to 50 vocational students). Such strategic approach toward human resources and organisational culture contributed that RASCO does not have problems with shortage of high quality and committed human resources, what is linked to the capacity of RASCO to reach and maintain leadership position in their

market niche, expressed through:

- Extreme focus on customer needs.
- Quick product improvement based on customer feedback.
- High speed in aftersales support, crucial given that functionality of RASCO's products is critical for customers.
- High investment in development of new products (2017 to 2023 over 10m EUR in R&D).

Customer-centered policy, especially featured through after-sales support, requires that all RASCO distributors can respond to all customer needs and enquiries as quickly and efficiently as possible. To achieve it RASCO Academy offers training programs (sales training, user training and service training) based on examples from the usage of RASCO products. Such RASCO's customer-centered and innovation culture contributes to the company's competitiveness and profitability, but at the same time keeps company alert on business challenges, current and future ones. The current business challenges are:

- Supply chain – how to provide quality and stability along the chain.
- Talent availability (need for people with specific knowledge and skills required by new technology, robotized and digitalized – high demand for such skilled human resources not only in Croatia).

As future businesses challenges (in next 5 - 10 years) RASCO expects to deal with opportunities emerging from climate change but as well to continue to struggle with talent availability.

Analyzing RASCO business history it is important to emphasize leadership factors which contributed to the company's success:

- Continuity of leadership – the vision of two founders and owners (Darko Paviša and Frane Franičević) was successfully continued with needed adjustments when they withdraw from the operational management. They still participate in the strategic discussions and follow on implementation results.
- Entrepreneurial organisational culture (innovative contributions by all, personal responsibility, teamwork) has a strong impact on the company's success.

Based on its experience in managing the process of growth from 1990, RASCO has two messages, one to educational institutions, other to the regulatory authorities. The most important message for educational institutions is to reconsider enrolment policy in order to avoid situation of shortage of expertise, e.g. in STEM areas. Additionally, educational institutions should focus on providing students with interpersonal and communications skills, team work, decision-making skills, diagnostic and analytical skills, conceptual skills. The message to regulatory authorities is related to reducing tax and regulatory burdens.

Estonia

1. Milrem

Overview

Address: Betooni 1, Tallinn 13619, Estonia

Tel: +372 6620865

Email: info@milrem.com

Web: www.milremrobotics.com

Company information

Industry: manufacturing NACE code 29 (motorized vehicles: detailed NACE code 29101)

Year of Establishment: 2013

Sales Revenues in 2017: 2.5 million euros

Sales Revenues in 2023: 19.1 million euros

Average number of employees in 2023: 250

Brainer(s) behind the company: Kuldar Väärsi and rotating team of engineers

Nature of market leadership

Milrem is a defense robotics company in the world offering unmanned ground vehicles and integrated autonomous systems. In the essence, Milrem is a platform where through cooperation with partners various military as well as civilian solutions can be integrated. Depending on the assessment the company has either first or second position in the world market. By simply measuring the sales of units Milrem is number 1 provider of unmanned defense vehicles in the world (Pajuste 2024).

The main competitors are German company Rheinmetall, US company General Dynamics and Israeli company IAI. Overall, 100 companies operate in this global market niche. The main markets for Milrem are Europe and United States. Since EDGE Group PJSC from United Arab Emirates purchased 54 percent of Milrem's equity, then Milrem is in the process of establishing also a strong presence the Middle East and Africa.

Nature of competitive advantage

Milrem has the first mover advantage in rapidly developing field of unmanned ground vehicles by starting to build such solutions and systems already in 2013. The first unmanned vehicle was demonstrated in 2015 when the defense industry considered such approach unimportant. Startup culture allows to be agile and more flexible in the industry characterized by slow-moving traditional defense companies. As with other technology companies in Estonia such as Skype, Bolt and Wise, Milrem's strength relies on ability to apply innovative technological solutions to specific area. It is driven by non-Research and Development innovation rather than pure R&D innovation.

Core lessons learned on the path to success

Milrem has been throughout its operations sales and client focused. This means that company has had a lot of flexibility in adjusting to the needs of clients and environment. If large defense companies are not likely to be interested in dealing with small quantities, then Milrem has often supplied only 1-2 vehicles to its clients and constantly adjusting to their needs. Such approach has allowed to receive constant feedback from end-users and integrate their insights into research and development of new products. Milrem has been open to developing its core technology and concepts in cooperation with partners and clients. Participation in various international development programs with different partners in Europe and the Middle East has been key for the success of Milrem's vehicles. The use of vehicles in real-life situations has been instrumental for sales and R&D. For instance, Milrem's unmanned vehicle was used by Estonian units in Mali where they were part of French troops. Such real-life use cases demonstrate the reliability and relevance of Milrem's unmanned vehicles (Pajuste 2024). In a nutshell, Milrem offers following four lessons:

- Client-Centric Flexibility: Milrem's adaptability to client needs, including supplying small quantities, has strengthened its market position.

- Continuous Feedback Integration: Constant interaction with end-users has enhanced research and development, leading to improved products.
- Collaborative Innovation: Partnerships with international players have contributed to the evolution of Milrem's core technology and concepts.
- Real-Life Validation: Deploying vehicles in operational environments has reinforced their reliability and boosted sales and R&D.

Management and leadership development needs

The main development need is recruitment. As Milrem is growing rapidly its staff must grow at least two times to meet current demand. Company plans to increase its workforce to 300 people by the end of 2024 and to 400 by the end of 2025 from the current staff of 250. They have built new production facility in Tallinn, Estonia, which allow to produce 500 vehicles per year which is represents increase of 10 times. The expansion of R&D and manufacturing is also the core aim of new unit in the United Arab Emirates. Company has offices in Finland and Sweden with primary goal of recruiting engineers from the defense industry. It has also office in the Netherlands which was the first client. A small marketing focused office is in the United States.

Financing and regulatory environment development needs

Since Milrem received a significant equity injection from the UAE EDGE Group, then financing needs are met for expansion. The main issues concern regulatory environment as the company has basically created a new field in traditionally complex and conservative defense industry. Estonian regulations still create difficulties for integration of different weapons systems on the Milrem platforms. For this reason, some of the experiments have been done outside of Estonia. However, Estonian regulations might change as the government is the process of updating the laws. Nevertheless, the equity stake of 54 percent by the UAE company can create further regulatory barriers in Europe and United States – even though company has been granted independence and autonomy in its daily operations by investors. Further regulatory uncertainty is created by the EU regulations on artificial intelligence and robotics which have conflicting goals. It is unclear how abstract concepts in the EU AI Act will be implemented and how it will affect so-called narrow AI in the form of machine learning that Milrem exploits.

Pandemic's Impact on "Hidden Champions" Business Approach

The Covid pandemic had a negative impact on company's sales and staff was reduced. The sales of unmanned vehicles require in-person meetings and demonstration which was not possible during the pandemic. Particularly, military clients prefer to meet in-person in order to complete sales which was not possible during the pandemic (Pajuste 2024).

Effects of the Russian War in Ukraine on "Hidden Champions" Business Operations

The effect of the full-scale war by Russia in Ukraine has been positive on Milrem's operations. Firstly, overall importance of defense industry has increased in Estonia and in Europe. This development affects all aspects of business operations in terms of financing, recruitment, marketing and R&D. Secondly, the war is important input for research and development. Milrem's vehicles are present in the battlefields which allows to collect constant feedback about the solutions and adjust vehicles and systems accordingly. Thirdly, the presence in the battlefields is a reference point for sales. It shows that the vehicles can be used in the extremely difficult conditions of war (Pajuste 2024).

It should be noted that the war also poses risks for Milrem. One Milrem's unmanned vehicle has been captured by the Russian military. Milrem has considered the risks associated with reverse engineering. It is relatively easy to copy hardware but reverse engineering software and integration of hardware and software should create a major obstacle. Whether this risk assessment holds will be seen in the future (Pajuste 2024).

Attracting Diverse Talent to Milrem

In the current environment of Russia's full-scale war in Ukraine and the increasing risks of military conflict worldwide, the defense industry has garnered significant interest, and Milrem has certainly benefited enormously from this trend. However, it is important to remember that this was not the case just a few years ago, particularly when Milrem was founded in Estonia in 2013.

Milrem was one of the first defense startups in Estonia. Since regaining its independence, Estonia had not developed a significant defense industry, with the main focus being on cybersecurity. Therefore, the emergence of a defense startup in the manufacturing sector was not a natural development. Milrem essentially came out of nowhere. In retrospect, the lack of legacy companies and systems in this area was beneficial, as it allowed the company to attract diverse talent.

Milrem's founder, Kuldar Väärsi, worked with various groups of engineers who had backgrounds in the Formula Student Competition, an international product development competition aimed at students of engineering and automotive technology. In addition to creative engineers, Milrem has recruited from the Estonian military. The Chairman of Milrem's Council for many years was General Riho Terras, the former head of the Estonian military and a current member of the European Parliament.

Former Estonian military officer Jüri Pajuste, who served two tours in Afghanistan as a unit commander, is the new Chief Operations Officer of Milrem in the United Arab Emirates. Pajuste has also served as Research and Development Director, head of the sales department, and project manager at Milrem. Pajuste was interviewed for this chapter.

When the military vehicle systems provider BAE Systems Hägglunds in Sweden made many engineers redundant through restructuring, Milrem established a presence in Northern Sweden specifically to recruit this engineering talent. In many ways, Milrem was an underdog, recruiting new engineers for a defense company at a time when the established defense industry was struggling with decreasing military expenditure and demand for weapons systems.

Milrem's capability and capacity to recruit talents with diverse professional backgrounds from different nationalities and operate the company in various locations certainly demonstrate foresight and strong execution by the leadership team. Building a successful company and creating a new market niche is foremost about people.

2. Ready Player Me

Overview

Address: Telliskivi 60/2, Tallinn 15073, Estonia

Tel: 372 56214070

Email: info@readyplayer.me

Web: readyplayer.me

Company information

Industry: Information and communication, NACE code 62 (62011 Programming)

Year of Establishment: 2014

Sales Revenues in 2017: 1971 euros

Sales Revenues in 2023: 486 925 euros⁹

Average number of employees in 2023: 66

Brainer(s) behind the company: Timmu Tõke, Kaspar Tiri, Rainer Selvet and Haver Järveoja

Nature of market leadership

Ready Player Me (RMP) is metaverse company which provides cross-platform avatars in gaming industry. The gaming industry consists games played through different devices (smart phones, computers, consoles) and market size is estimated to be 180-190 billion US dollars annually. There are different participants such as large platforms (Meta, Google and others) and small- and medium size developers. RMP focuses on providing cross-platform avatars to small- and medium size developers to save them from development costs of creating own avatars that can be used in different platforms. RMP is a market leader in this global niche. In addition to developers, RMP another target group is end-users who want to take their avatars across different platforms. The main markets are Europe and the United States and most competitors are based in the United States (Järveoja 2024).

Nature of competitive advantage

The main competitive advantage is development of avatars which can be used across different platforms. RMP takes more open approach than other market participants which tend to create avatars for closed systems within particular platform. Another source of competitive advantage is focus on small- and medium-size developers which potentially could create a new breakthrough game in the market (Järveoja 2024).

Core lessons learned on the path to success

The main lesson is good team synergy. The core team studied together at the Estonian Business School and has worked together in RMP for 10 years. They are different individuals but they complement each other with skills in visionary leadership, operations management, creativity and technology. They have gone through different phases of creative maze experimenting with different ideas and pilots. Each pivot has led them to the next level of building a business (Järveoja 2024).

RMP offers following four lessons for success:

- Cross-Platform Innovation: RMP's success stems from developing avatars usable across different gaming platforms, offering a unique and open alternative to closed-system competitors.
- Targeted Market Strategy: By focusing on small- and medium-sized developers, RMP provides cost-effective solutions that support emerging game creators and niche market expansion.
- Strong Team Synergy: A cohesive team with complementary skills in leadership, operations, creativity, and technology has been crucial for navigating challenges and driving growth.
- Iterative Growth Through Experimentation: Continuous pivots and experiments with different ideas and pilots have enabled RMP to refine its business model and scale effectively.

2.2.4. Management and leadership development needs

The main management and leadership needs relate to expansion of the business. One of the key challenges is how to reduce its dependence on developers with unsustainable business

⁹ The sales figure for 2023 represents roughly 80 % of Ready Player Me sales globally as the data is based on the activities of Estonian unit and not consolidated (Järveoja 2024). The consolidated data is not publicly available.

models. One option is to increase the quality of selection process for partners in development community. Another challenge is diversification of revenue sources which implies development of own games as possible new ventures in the area of cryptocurrencies and NFTs. Furthermore, about half of RMP staff is based in New York, United States, and about half in Tallinn, Estonia. This creates also challenges for managing a diverse team across two continents.

Financing and regulatory environment development needs

RMP had a successful financing round in 2022 when 55 million euros was raised in equity investments from the consortium led by the leading Silicon Valley venture capital firm Andreessen Horowitz. This has secured funding for research and development and expansion until 2027. The current regulatory environment has not affected RMP as gaming does not receive significant regulatory scrutiny in Europe and United States.

Pandemic's Impact on "Hidden Champions" Business Approach

The Covid pandemic had a strong positive effect on RMP as the use of gaming increased and metaverse started to develop more rapidly. This was followed by the decision by Facebook to focus on metaverse and change its name to Meta which gave a additional boost to RMP as an early metaverse company.

Effects of the Russian War in Ukraine on "Hidden Champions" Business Operations

RMP has four employees based in Ukraine. Initially, their safety was a huge concern but business-as-usual has returned where their Ukrainian developers see the opportunity to work as a good distraction from the miserable reality. Otherwise, the effects of Russian war in Ukraine are limited on the operations of RMP.

From the 3D Printing to Avatar Economy

The core RMP team has spent 10 years experimenting in various fields before focusing on the metaverse and the development of cross-platform avatars. Initially, the company was named Wolfprint 3D and concentrated on 3D printing, modeling, and scanning. With a small grant of 5,000 euros from Enterprise Estonia and investments from the Estonian Business School, the company purchased 3D printers in 2014. They created a service called DollyMe3D, which allowed people to create 3D images of themselves.

Following this, the company developed a business idea to print 3D images of unborn babies based on ultrasound scans, targeting European clinics and hospitals. This initiative gained worldwide attention, with coverage from the Daily Mail and Washington Post. However, revenue growth did not follow.

The company then gradually shifted towards creating avatars. RMP started by developing avatars for large platforms, with clients such as H&M, Verizon, Vodafone, and the leading Chinese technology platform Tencent. Negotiations also took place with Huawei. Fortunately, the cooperation with Chinese companies ended before geopolitical turmoil escalated, allowing RMP to focus on the American and European gaming industries.

Successful financing rounds, totaling 72 million US dollars from various venture capital firms in Estonia, Europe, and the United States, enabled RMP to reshape its business model. The company now focuses on developing an open ecosystem for cross-platform avatars. RMP has recruited key team members from Estonian unicorns Wise and Pipedrive, as well as from global players like Epic Games.

By April 2024, the number of monthly active developers relying on RMP had reached almost

4,000, compared to about 1,000 in April 2022. Additionally, 2,241 companies had signed up for RMP in April 2024, up from 369 in April 2022. The latter figure refers to the B2B market segment of mid-sized and large companies with whom RMP signs contracts, while small developers are self-served.

RMP benefits from a 10-25 percent revenue share from the avatar economy on different platforms. Exclusive avatar assets have been developed for diverse organizations such as Angry Birds, Manchester City, New Balance, and Walt Disney.

In summary, after a decade of experimenting with various business ideas, the core team has stayed together and created a market and business ecosystem that did not previously exist. In this emerging ecosystem, RMP benefits from network effects typical of technology platforms, where a circular relationship between more avatar content, more developers, and more users reinforces growth.

3. Starship Technologies

Overview

Address: Teaduspargi 8, Tallinn 12618, Estonia

Tel: 372 5292999

Email: info@starship.co

Web: <https://www.starship.xyz/>

Company information

Industry: Professional, scientific and technical activities NACE code 72 (research and development in other natural and technical sciences NACE code 72191)

Year of Establishment: 2014

Sales Revenues in 2017¹⁰: N/A

Sales Revenues in 2023¹¹: N/A

Average number of employees in 2023: 400

Brainer(s) behind the company: Ahti Heinla, Jaanus Friis and the engineering team

Nature of market leadership

The main market is last-mile food and hot meal delivery solutions. If the market is considered in its entirety, including both couriers and technological solutions (sidewalk robots, drones), Starship's position is practically negligible. However, if the focus is solely on technological solutions, Starship is clearly number one in the world in terms of the number of deliveries and kilometers traveled, which is a crucial metric for technological solutions. Today, Starship's lead over the nearest competitor is several-fold, if not ten-fold.

Unfortunately, it is not possible to obtain this information on competition in a very reliable form today. One of Starship's competitors, Serve, recently went public, and their documents revealed that they have made fewer than 100,000 deliveries. Starship's total number of deliveries today exceeds 6 million, and the company has traveled more than 12 million kilometers. Cartgen, Serve, and Kiwibot are notable competitors. Of these, Cartgen is the only one who also has commercial operations in Europe, not just pilot projects (Aaviksoo 2024).

¹⁰ The company does not reveal its consolidated sales revenue publicly. Indicators are available for the sales revenue from Estonian unit through business registry but it represents only a fraction of actual sales.

¹¹ The company does not reveal its consolidated sales revenue publicly. Indicators are available for the sales revenue from Estonian unit through business registry but it represents only a fraction of actual sales.

Nature of competitive advantage

Starship Technologies holds a dominant position in the autonomous last-mile delivery market, particularly in sidewalk robot solutions, where it far surpasses competitors in deliveries and kilometers traveled.

In the market for autonomous vehicles, the valuable "currency" is kilometers traveled. At the end of the day, this is where Starship's systems improve through various challenges. With over 6 million deliveries and 12 million kilometers covered, Starship has amassed unparalleled operational experience, which strengthens its AI and navigation systems.

Another important advantage is its experience in very different markets and business models, not as pilots but as working commercial services. Unlike competitors that are still in pilot phases, Starship operates fully commercial services in multiple countries, demonstrating a proven business model. The company's presence in 75+ locations across six countries and its three distinct business models provide flexibility and scalability.

Additionally, its ambition to double revenue annually drives continuous innovation, reinforcing its competitive edge. Starship's growth ambition, put simply, is to double the revenue every year. Historically, Starship has both exceeded and fallen short of this goal, but it is the daily objective that they work towards as a company to fulfill this promise to our investors.

Starship has been in this field for nearly 10 years, its market share has been relatively unaffected so far. Real competition has only begun to emerge in the last 2-3 years, and in the landscape of U.S. universities, this is particularly important.

Starship exploits three different business models:

- As a full-service provider to end consumers and merchants in U.S. universities,
- As a partner to merchants providing autonomous delivery solutions in Finland and the USA,
- As an industrial partner providing autonomous delivery solutions in Germany and Denmark.

Core lessons learned on the path to success

It is important to be critical in understanding the stages of the company's development—each new phase requires new approaches and sometimes new types of people. What brought Starship here might not take them forward. Recognizing when a phase change is occurring and sensing it at the right time is a major challenge.

Starship's strength has certainly been in the field of innovation. The company has been fortunate that develop an attractive product to many people, making it somewhat easier to find good talent than one might expect for a small country like Estonia.

Creating world-changing technology is challenging, but people at startups generally enjoy solving difficult problems. Starship works to ensure that their ambitious plan aligns with the ambitions of these individuals, which is certainly one of the key strengths (Aaviksoo 2024).

In a nutshell Starship offers four lessons for success:

- Adaptability to Growth Stages: Recognizing when the company enters a new phase and adjusting strategies and talent accordingly has been crucial for sustained success.
- Strong Innovation Culture: Starship's ability to attract top talent and foster a problem-solving mindset has been key to advancing autonomous delivery technology.
- Market Leadership Through Experience: A vast number of completed deliveries and extensive real-world operational experience provide Starship with unmatched industry expertise.
- Scalable Business Models: Operating across multiple markets with different business models ensures resilience and the ability to expand strategically.

Management and leadership development needs

Starship is a geographically very widespread company, and this is only growing. Although it has been like this from the beginning, it remains a challenging issue in terms of successful communication, cooperation models, and the simplest everyday work processes.

Financing and regulatory environment development needs

The lack of a regulatory environment is a clear obstacle Starship has to overcome daily. Their advantage is perhaps the experience Starship has gained over the years in various countries and the ability to contribute to shaping regulations. As a growth company, it depends on the ability to raise capital, and building this business has been very capital-intensive. The difficult capital market situation in recent years has certainly also affected Starship. The existing investors know that they are developing world-changing technology, and they know it works. Once the product has proven itself in market conditions, the day will come when Starship can solve funding challenges on market terms (Aaviksoo 2024).

Pandemic's Impact on "Hidden Champions" Business Approach

Mostly positively, as Covid quickly changed customers' consumption habits, and the market for food/grocery delivery only grew because of it. Robots also provided a very clear solution for contactless delivery, which helped Starship to establish a strong market position on U.S. university campuses.

Effects of the Russian War in Ukraine on "Hidden Champions" Business Operations

Estonia's location and geopolitical situation have certainly affected Starship's ability to raise capital, both directly and indirectly, due to deteriorated capital markets. Just before the war, the Russian technology platform Yandex seemed to be one of the companies making rapid progress in last-mile robot courier development. The war essentially halted the development of this business vertical in the U.S. However, today this business has been separated from the parent company associated with Russia and is trying to establish a new market position (Aaviksoo 2024).

From Skype to Starship

Starship Technologies was founded in 2014 by Ahti Heinla and Jaanus Friis, both of whom were part of the founding team of Skype. Before Skype, they worked on projects such as the Estonian portal Everyday.com and the peer-to-peer file-sharing platform Kazaa, which gained widespread popularity but faced legal challenges. Skype was launched in 2003 and sold to eBay for \$2.6 billion in 2005, making it Estonia's first unicorn. Due to intellectual property disputes, some of Skype's founders later repurchased the company before selling it to Microsoft for \$8.5 billion in 2008 (Kitsing, 2021). Following their success with Skype, Heinla and Friis shifted their focus to robotics and founded Starship Technologies.

Starship exemplifies the so-called "Skype effect" in the Estonian technology ecosystem. First, Skype inspired many entrepreneurs by demonstrating that it was possible to build global technology companies in Estonia. Second, Skype provided its employees with valuable experience in scaling such businesses, with Heinla and Friis being prime examples. Additionally, former Skype employees went on to establish other successful Estonian startups and unicorns, including Bolt and Wise. Third, Skype's acquisition generated venture capital, which was later reinvested into new startups like Starship.

Starship also signifies a shift in Estonia's tech landscape, proving that Estonian entrepreneurs are willing to take on more complex challenges beyond software development. Starship is a robotics company that seamlessly integrates both hardware and software. Currently, all Starship delivery robots are assembled in Estonia. However, hardware alone is not enough—robot autonomy is made possible by artificial intelligence (AI) and the seamless integration of AI with robotics. Starship began its AI development a decade ago, long before the general public became widely aware of AI through technologies such as large language models like ChatGPT and Google Gemini (Aaviksoo, 2024).

All of Starship's autonomous systems are developed in-house, with no reliance on external contributions. In other words, Starship functions as a large-scale AI laboratory, which is why its NACE classification falls under research and development in other natural and technical sciences. Notably, Amazon attempted to develop a similar autonomous delivery robot under the name Amazon Scout but eventually abandoned the project.

With nearly a decade of experience in the field, Starship has maintained a strong market position, largely unaffected by competition until recent years. Significant competitors have only begun to emerge within the past two to three years, particularly within U.S. universities, a crucial landscape for this technology. Starship's growth ambition is to double its revenue each year. While the company has at times both exceeded and fallen short of this target, this remains its guiding objective as it continues to deliver on its promise to investors and other stakeholders.

Georgia

1. TBILVINO

Overview

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Company Information

Industry: Wine Production

Year of establishment: 1962

Sales revenue in 2022: 9.6 (USD, millions)

Sale revenue in 2019: 12,682 (USD, millions)

Number of employees in 2022: 351

Brain(s) behind the company: Founders and Visionaries Mr. Zurab Margvelashvili and Mr. Giorgi Margvelashvili

Tbilvino, a distinguished name in the wine production industry, was established in 1962 and has since risen to prominence as one of Georgia's leading wine producers. Renowned for its unwavering commitment to quality and innovation. By 2022, the company employed 351 dedicated professionals. Under the visionary leadership of its founders, Mr. Zurab Margvelashvili and Mr. Giorgi Margvelashvili, Tbilvino continues to thrive and achieve international recognition.

Nature of Market Leadership

Tbilvino holds the number-one position in Georgia's wine market segment, particularly in the production and export of high-quality Georgian wines. Known for its diverse range of wines that cater to various tastes and preferences, Tbilvino has established itself as a leading name in the industry. Its vineyards, spanning across the fertile regions of Kakheti, provide the ideal conditions for producing exceptional wines that have garnered international acclaim.

Tbilvino's unwavering commitment to quality and innovation has set it apart from competitors. The

company's extensive portfolio includes both traditional Georgian wines and modern blends, making it a unique player in the market. This combination of heritage and innovation has made Tbilvino the preferred choice for wine connoisseurs both locally and globally.

Tbilvino's Competitive Advantage

Tbilvino's competitive advantage lies in its strategic focus on quality and tradition, combined with innovation in wine production. By concentrating on high-quality Georgian wines, Tbilvino has carved out a niche market that is both significant and underserved on a global scale. This niche primarily consists of wine enthusiasts, sommeliers, and premium wine collectors who seek authentic, indigenous varieties with a rich history. It also includes health-conscious consumers drawn to the natural and traditional winemaking methods, such as the use of qvevri fermentation, which aligns with the growing global interest in organic and biodynamic wines. The company's strategy involves targeting discerning wine consumers who appreciate the unique characteristics of Georgian wines.

Every functional policy at Tbilvino is developed with this strategic focus in mind. The founders recognized the growing international interest in authentic and traditional wines and positioned Tbilvino to meet this demand effectively. By prioritizing quality and authenticity, Tbilvino has differentiated itself from competitors, offering wines that reflect the rich heritage and unique terroir of Georgia.

This strategy is further bolstered by Tbilvino's investment in state-of-the-art production facilities and sustainable practices, ensuring that each bottle meets the highest standards of quality. Additionally, Tbilvino leverages its deep understanding of the local viticulture and winemaking traditions to create wines that are both innovative and rooted in tradition.

Moreover, Tbilvino benefits from Georgia's favorable legal framework for wine exports, which allows for competitive pricing and easier access to international markets. This advantage, combined with Tbilvino's commitment to excellence, enables the company to serve its strategic target market more effectively and efficiently than many of its competitors.

Tbilvino's Core Lessons Learned on the Path to Success

Tbilvino's journey to success has been shaped by four core lessons, each rooted in the company's commitment to quality, responsibility, teamwork, and innovation. These guiding principles have fortified Tbilvino's position as a market leader in the wine industry.

1. Clear Vision and Strategic Leadership

Tbilvino's success is anchored in a well-defined vision and strong leadership. The founders, Mr. Zurab Margvelashvili and Mr. Giorgi Margvelashvili, played a pivotal role in shaping the company's direction with their intuition, strategic foresight, and passion. Their positive reputation in the business world fostered trust and credibility, enabling the company to build strong partnerships and expand globally. Maintaining leadership continuity ensured long-term strategic coherence and sustained growth.

2. Commitment to Quality and Responsibility

At the heart of Tbilvino's ethos is an unwavering dedication to quality and responsibility. From vineyard to bottle, the company meticulously upholds the highest standards, ensuring that every wine reflects Georgia's rich heritage. Recognizing its role as a steward of tradition, Tbilvino embraces sustainability through environmentally friendly practices, responsible land management, and social responsibility initiatives. This commitment not only enhances brand credibility but also fosters lasting customer trust.

3. Market Adaptation and Innovation

In an industry steeped in tradition, Tbilvino thrives by balancing heritage with innovation. The company has successfully identified and targeted an underserved market segment—wine consumers who value authentic, high-quality Georgian wines. By continuously adapting to market demands and embracing new winemaking techniques, Tbilvino remains competitive and relevant. Its culture of creativity and adaptability ensures that it stays ahead of industry trends and continues to set new standards in the global wine market.

4. Investment in People and Teamwork

Tbilvino recognizes that success is a collective endeavor. By fostering a culture of teamwork, respect, and empowerment, the company harnesses the diverse talents of its workforce to drive innovation and excellence. Investing in human resources—through employee development, engagement, and

satisfaction—has been instrumental in maintaining the high level of service and quality that Tbilvino's clients expect. A unified and motivated team has been key to the company's sustained success. In essence, Tbilvino's journey is not just about producing exceptional wines—it's about embodying values that resonate deeply with its stakeholders. Through a steadfast commitment to vision, quality, innovation, and people, Tbilvino has not only achieved market leadership but has also set an inspiring example for the industry.

Management and Leadership Development Needs

As Tbilvino continues to expand its presence in the global wine market, the company faces new leadership and management challenges that will shape its future growth. To sustain its competitive edge, Tbilvino must strengthen its leadership capabilities, enhance decision-making agility, and develop a strategic approach to talent management.

One of the primary leadership challenges is navigating market volatility, including fluctuating production costs, shifting consumer preferences, and evolving trade regulations. Future leaders at Tbilvino must be equipped with the skills to anticipate industry changes, respond to economic pressures, and drive innovation while maintaining the company's core values of quality and tradition.

Additionally, as Tbilvino increases its international footprint, leadership development must focus on cross-cultural management and global market adaptation. Expanding into diverse markets requires leaders who can understand and respond to regional consumer behaviors, regulatory environments, and competitive dynamics. Strengthening leadership capabilities in international business strategy will be essential for Tbilvino's sustained success.

Furthermore, investing in talent development and succession planning will be crucial to ensuring long-term leadership stability. As the company grows, nurturing future leaders from within the organization will help maintain strategic continuity and reinforce the company's mission. This includes leadership training programs, mentorship initiatives, and fostering a culture of innovation and collaboration.

By proactively addressing these management and leadership development needs, Tbilvino can continue to navigate the complexities of the global wine industry while upholding its legacy of excellence.

Impact of COVID-19 on Tbilvino

The COVID-19 pandemic presented significant challenges for Tbilvino, affecting both domestic operations and international sales. As lockdowns and economic uncertainty disrupted global markets, the wine industry faced shifting consumer behaviors, logistical constraints, and financial instability.

Market and Sales Disruptions

During the pandemic, many international markets restricted imports and imposed lockdown measures, limiting the demand for premium wines. The hospitality and tourism industries—key drivers of wine sales—were among the hardest hit. With restaurant closures and reduced travel, sales channels for high-end Georgian wines, including Tbilvino's exports, declined temporarily.

Operational and Supply Chain Adjustments

To navigate the crisis, Tbilvino implemented remote work solutions where possible and adopted strict safety protocols at its production facilities to ensure business continuity. Despite global supply chain disruptions, the company diversified its sourcing strategies to mitigate delays in packaging materials and transportation bottlenecks.

Financial Impact and Strategic Response

Revenue fluctuations required cost optimization measures, including streamlining operational expenses and adjusting production schedules to align with shifting demand. However, the crisis also accelerated Tbilvino's digital transformation, leading to an increased focus on direct-to-consumer sales through online platforms.

Lessons Learned and Opportunities

Despite the hardships, the pandemic underscored the importance of market diversification and e-commerce adaptation. Tbilvino strengthened its digital marketing efforts, expanded its presence in online wine marketplaces, and enhanced relationships with retailers that adapted to changing consumer

behaviors. These strategic shifts positioned the company for stronger post-pandemic recovery.

Impact of the Russia-Ukraine War on Tbilvino

The Russia-Ukraine war introduced new geopolitical and economic challenges for Tbilvino, impacting key export markets and supply chain operations.

Export Market Challenges

Before the war, Russia and Ukraine were among the largest importers of Georgian wine, making the conflict particularly disruptive. Economic sanctions, trade restrictions, and declining consumer purchasing power in these regions led to a decline in sales. Additionally, instability in neighboring markets like Poland, Estonia, Latvia, and Lithuania further complicated the situation.

Supply Chain Disruptions

The war also caused logistical difficulties, including delays in shipments and increased transportation costs due to regional instability. Rising fuel prices and supply chain inefficiencies placed additional financial pressure on Tbilvino, requiring strategic adaptations to maintain smooth operations.

Financial and Market Strategy Adjustments

In response to these disruptions, Tbilvino:

- Diversified its export destinations, reducing reliance on the affected markets.
- Strengthened partnerships with European and Western distributors, expanding its footprint in stable markets.
- Adjusted pricing strategies to account for inflation and rising costs in global trade.

Opportunities Amidst Crisis

Although the war created immediate economic difficulties, it also prompted European consumers to explore alternative wine producers, creating an opportunity for Georgian wines, including Tbilvino, to increase market share in Western Europe. Additionally, with many Russian-affiliated brands facing sanctions, Tbilvino leveraged its position as an independent Georgian producer to reinforce its presence in global markets.

Long-Term Strategic Outlook

The war highlighted the need for risk management, geopolitical awareness, and flexible supply chain strategies. By prioritizing resilience, diversifying revenue streams, and building relationships with stable, long-term trading partners, Tbilvino continues to strengthen its position despite global uncertainties.

Tbilvino Financing and Regulatory Environment Development Needs

Tbilvino faces challenges within the financial sector due to operating in a market with limited lending capacity. The relatively small size of Georgia's financial market restricts local banks' ability to provide long-term financing, impacting companies like Tbilvino that require capital for growth and expansion.

To create a more conducive financing environment, several key measures could be implemented:

1. Expansion of alternative financing options – Developing capital markets, such as expanding corporate bond offerings with longer maturities (beyond the current five-year cap), would provide companies with more sustainable financing options.
2. Government-backed loan guarantees and subsidies – Introducing state-supported loan programs specifically designed for agricultural and wine industries would enhance access to affordable credit.
3. Collaboration with international financial institutions – Encouraging foreign investment and partnerships with global financial institutions could help mitigate the limitations of local banking capacity.

Additionally, Tbilvino faces several regulatory complexities that impact its financial and operational strategies:

- Taxation policies – Fluctuating excise taxes on wine products, both domestically and in key export markets, create financial unpredictability and affect pricing strategies.
- Import-export regulations – Stringent certification requirements and evolving international trade agreements require continuous adaptation to regulatory changes, increasing operational costs.

- Access to EU financial frameworks – While Georgia has strengthened ties with the EU through trade agreements, navigating European regulatory frameworks remains complex, affecting market entry and expansion efforts.

Tbilvino's winemaking industry operates with an inherently long-term operational cycle, necessitating long-term financing options and products. Unfortunately, Georgia's capital market remains underdeveloped, with commercial banks serving as the primary source of financing. In recent years, a more structured alternative debt financing bond market has emerged, yet the maximum duration of available financial instruments remains capped at five years—falling short of the industry's long-term needs. Expanding financial products with longer maturities would greatly benefit both the wine sector and agriculture in general.

Beyond debt markets, developing derivative markets and financial instruments could play a crucial role in price stabilization and risk management. By enabling hedging mechanisms, such as commodity futures and currency hedging tools, wine producers could better manage financial volatility caused by fluctuating exchange rates and global wine market conditions.

Addressing these needs will help Tbilvino strengthen its access to capital, mitigate financial risks, and foster sustainable growth in the competitive global wine industry. Additionally, the company's ability to adapt to external disruptions—such as the COVID-19 pandemic and the Russia-Ukraine war—will be crucial in maintaining stability and ensuring long-term resilience in the global market.

Tbilvino: A Visionary Journey Transforming Georgian Winemaking and Global Recognition

Tbilvino has not only revitalized Georgia's winemaking industry but has also become a coveted destination for wine enthusiasts and connoisseurs worldwide. Its commitment to excellence and dedication to sustainable practices have earned it acclaim as a beacon of Georgia's vinicultural heritage, offering a compelling blend of tradition and innovation in every bottle.

In the dynamic world of Georgian winemaking, Tbilvino stands as a testament to the vision and leadership.

The company's unwavering commitment to excellence, coupled with its sterling reputation and international recognition, has not only attracted a loyal clientele but also garnered the trust and support of investors and stakeholders. A keen insight into the market landscape allowed Tbilvino to carve out a niche within the wine industry, catering to a discerning clientele seeking quality and authenticity.

At the heart of Tbilvino's success lies its strategic approach, characterized by a laser focus on meeting the needs of a specific market segment. By tailoring its offerings to the tastes and preferences of its target audience, Tbilvino has been able to differentiate itself and maintain a competitive edge in an increasingly crowded market.

From vineyard to bottle, Tbilvino's commitment to innovation is evident in every aspect of its operation. By leveraging cutting-edge technology and sustainable practices, the winery has been able to produce wines of exceptional quality while minimizing its environmental footprint.

Central to Tbilvino's success is its steadfast leadership, which has remained consistent despite changes in ownership. This continuity has enabled the winery to maintain its momentum and drive forward with ambitious expansion plans, including the development of new vineyards and facilities.

Moreover, Tbilvino prides itself on fostering a culture of trust, respect, and collaboration among its owners, managers, and employees. By investing in the professional development and well-being of its workforce, the winery has cultivated a team of passionate individuals dedicated to pushing the boundaries of Georgian winemaking.

In essence, Tbilvino's success story is a testament to the transformative power of visionary leadership, strategic innovation, and a steadfast commitment to excellence. As it continues to evolve and grow, Tbilvino remains a beacon of Georgia's rich winemaking heritage, captivating enthusiasts around the globe with its exceptional wines and unwavering dedication to quality.

In the realm of Georgian winemaking, Tbilvino's success is not only attributed to its competitive advantages but also to its robust collaboration with governmental bodies, public authorities, and the local community. This synergy has yielded mutual benefits, fostering economic growth, boosting employment rates, and elevating the region's standing within the global wine industry.

Tbilvino's journey began with its establishment in 1962, and since then, it has become a beacon of excellence in Georgian winemaking. Over the years, Tbilvino has forged strong partnerships with governmental entities and local communities, recognizing the symbiotic relationship between business prosperity and societal advancement.

The impact of Tbilvino's initiatives on the local economy and tourism sector is palpable. Through strategic collaborations and investments, Tbilvino has contributed to a surge in tourist arrivals in the Kakheti region, home to the winery. This growth surpasses the national average, underscoring the transformative influence of Tbilvino on regional tourism dynamics.

Furthermore, Tbilvino's success has spurred further developments in the region's viticultural landscape, inspiring the establishment of modern wineries and vineyards. These endeavors, influenced by Tbilvino's trailblazing example, have augmented Georgia's reputation as a premier wine destination, attracting wine enthusiasts and connoisseurs from around the globe.

In essence, Tbilvino's collaborative approach to business, coupled with its unwavering commitment to excellence, has not only propelled the winery to international acclaim but has also catalyzed broader economic growth and development in the Kakheti region. As Tbilvino continues to thrive and innovate, its impact on the local community and Georgian winemaking industry is poised to endure for generations to come.

2. Tegeta Motors

Overview

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Company Information

Industry: Automotive aftermarket

Year of establishment: 1995

Sales revenue in 2021: 797,152 (USD, thousands)

Sale revenue in 2019: 630,021 (USD, thousands)

Number of employees in 2022: Up to 2000

Brain(s) behind the company: Konstantine Patsatsia, Director at Tegeta Automotive Imports, head of product development at Tegeta Retail.

Tegeta Motors was established in 1995 and has become one of Georgia's leading automotive service providers. Known for its unwavering commitment to quality and innovation, Tegeta Motors has set the industry standard. By 2023, the Company employed up to 2,000 dedicated professionals. Under the visionary leadership of its founder, Mr. Konstantine Patsatsia, Tegeta Motors continues to thrive, achieving national and international recognition for its exceptional service and customer satisfaction.

Nature of Market Leadership

Tegeta Motors is a leader in the Georgian automotive aftermarket business, which refers to the industry that provides vehicle parts, accessories, and services after the initial sale by the manufacturer. Offering a comprehensive range of products and services for passenger cars and trucks, Tegeta Motors has established itself as a key player in vehicle maintenance, repair, and enhancement. Since its establishment in 1995, the company has been dedicated to innovation and growth, setting and implementing numerous worldwide standards within Georgia.

Since 2011, Tegeta Motors has become even more vital, capturing an increasingly significant market share. The Company has a vision to be innovative and quality-oriented, investing significantly in technology, human capital, and infrastructure. This strategic investment helps Tegeta Motors stay ahead of competitors and maintain its market leadership. As the market leader in tire, lubricant, battery, and

spare parts sales, Tegeta Motors represents up to 300 global brands, providing customers with top-tier products and services. The Company employs over 2,000 people and operates 30 service stations nationwide, ensuring extensive coverage and accessibility for its clientele.

Tegeta Motors holds an approximate 25%-30% market share in Georgia, while its closest competitor holds only around 5%. This dominant position in the local automotive aftermarket industry is a result of the company's strategic expansion of product ranges and service offerings, along with the construction of numerous service stations across the country. Tegeta's unwavering commitment to quality and customer satisfaction has solidified its position as the leading player in Georgia's automotive industry, contributing to the sector's advancement and setting new benchmarks for service excellence.

Tegeta Motor's Competitive Advantage

Tegeta Motors' competitive advantage is built on continuous innovation, modern technology, strategic partnerships, and exceptional customer orientation. These elements collectively ensure the Company's dominance in the Georgian automotive aftermarket business.

- Continuous Innovation and Modern Technology

Tegeta Motors focuses on continuous innovation and the use of modern technology in the car service business. By integrating cutting-edge technology into physical infrastructure and digital operations, the Company remains at the forefront of the industry. In 2009, Tegeta Motors implemented SAP, the renowned German software, which significantly scaled its business operations. Furthermore, in 2017, Tegeta became the first Georgian Company to offer online purchasing of its products, demonstrating its commitment to digital innovation. Projects like the Tire Hotel, TAX-Free project, and mobile service further exemplify Tegeta Motors' innovative approach.

- Strategic Partnerships

Partnerships with global brands and suppliers ensure that Tegeta Motors' workshops have high-standard equipment. This lets the Company promptly address any vehicle problems, guaranteeing top-quality service. By partnering with world-leading manufacturers known for their product safety and reliability, Tegeta Motors upholds its key message centered on quality and trust.

- Customer Orientation and Quality Management

Customer orientation is a defining feature of Tegeta Motors. The Company believes that putting customers first is crucial to business success. Service excellence and quality management training programs equip employees with the skills to serve clients effectively. A dedicated Quality Management Department researches customer satisfaction, ensuring continuous improvement in service delivery.

- Tegeta Academy

Understanding the importance of well-trained individuals, Tegeta Motors established the Tegeta Academy. Initially a regular training center, it has evolved into a full-fledged college. To work as a salesperson or mechanic at Tegeta, candidates must study and pass exams. The academy also offers numerous on-the-job training sessions conducted by technicians, with additional training provided by many suppliers online or offline.

- Strategic Alliances

Tegeta Motors' strategic alliances with global trade groups enhance its competitive edge. As a Group Auto International member and a Group Auto Caucasus founder, Tegeta Motors builds strong business relationships with leading suppliers. These alliances help maintain its leadership position in the automotive service industry and enable the Company to offer cutting-edge solutions to customers.

In summary, Tegeta Motors' competitive advantage lies in its relentless pursuit of innovation, strategic partnerships, customer-first approach, comprehensive training programs, and strong industry alliances. These factors ensure that Tegeta Motors continues to lead the Georgian automotive aftermarket business, providing outstanding quality and convenience to consumers.

Tegeta Motors' Core Lessons Learned on the Path to Success

Tegeta Motors' journey to becoming a leader in the Georgian automotive aftermarket business has been guided by several core lessons that have shaped its strategic approach and long-term success.

1. Embracing a Growth Mindset, Long-term Vision, and Innovation

A fundamental lesson for Tegeta Motors is the importance of a growth mindset and a long-term vision, ensuring that the company remains proactive in an ever-evolving market. By continuously striving to implement progressive solutions and technological innovations, Tegeta Motors has positioned itself as an industry leader. This future-oriented approach, coupled with a competitive and positive attitude, has fueled the company's sustained expansion, enabling it to navigate market changes with agility and foresight.

2. Investing in People, Technology, and Best Practices

Tegeta Motors recognizes that success is built on continuous investment in human capital, technology, and operational excellence. By enhancing employee skills through training and professional development, the company ensures a highly qualified workforce that meets evolving customer demands. Simultaneously, Tegeta Motors actively adopts cutting-edge technologies and implements industry best practices, allowing it to maintain a competitive edge and improve operational efficiency.

3. Building Strong Global and Local Partnerships

Strategic collaborations have been instrumental in Tegeta Motors' growth. By forging strong partnerships with renowned global brands and key local players, the company has expanded its access to high-quality products, advanced technologies, and innovative solutions. These relationships have strengthened Tegeta's market reputation and service offerings, further reinforcing its leadership position.

4. Differentiating Through Quality, Customer Loyalty, and Market Leadership

Tegeta Motors has successfully distinguished itself through a commitment to service quality, adherence to safety standards, and a diverse product assortment. The company prioritizes customer loyalty programs, creative marketing strategies, and innovative service models, ensuring that it remains the top choice for consumers. By consistently enhancing the customer experience, Tegeta Motors has built long-term trust and strong brand recognition, solidifying its dominance in the automotive industry.

In conclusion Tegeta Motors' success is built on a growth-oriented mindset, strategic investments, strong partnerships, and a focus on differentiation. By continuously evolving, adapting to market needs, and prioritizing sustainable development, the company has solidified its position as a leader in the automotive service industry, setting new benchmarks for quality and innovation.

Management and Leadership Development Needs

Tegeta Motors recognizes the critical importance of developing its staff's skills to maintain and enhance its leadership in the automotive aftermarket business. The Company's management and leadership development needs to focus on several key areas to ensure continued success and growth.

- Enhancing Customer Service Skills

One of the most vital skills for retail companies, including Tegeta Motors, is superior customer service, known internally as "service plus." This aspect of the business is always challenging and requires continuous improvement to meet and exceed customer expectations.

Service Excellence Training: Tegeta Motors must invest in comprehensive training programs focusing on customer interaction, problem-solving, and service excellence. These programs equip employees with the skills needed to provide outstanding service consistently.

Customer Feedback Integration: Regularly gathering and integrating customer feedback into training programs will help ensure the staff is always aligned with customer needs and expectations.

- Developing Technical Skills for Workshop Mechanics

Workshop mechanics and technical staff are the backbone of Tegeta Motors' service operations. However, a limited number of study programs are available for individuals aspiring to become car repair mechanics.

In-House Training Programs: Establishing robust in-house training programs that offer both theoretical knowledge and hands-on experience is crucial. These programs can bridge the gap left by the limited external study options.

Partnerships with Educational Institutions: Technical schools and universities can help develop

specialized curricula and certifications that align with Tegeta Motors' standards and requirements.

- Leadership and Management Development

To ensure that Tegeta Motors continues to thrive, developing strong leaders who can drive the Company's vision and manage teams effectively is essential.

Leadership Training: Providing leadership training programs that cover strategic planning, decision-making, team management, and innovation will prepare potential leaders to take on greater responsibilities.

Mentorship Programs: Establishing mentorship programs where experienced leaders guide and support emerging leaders can help transfer valuable knowledge and skills.

- Continuous Professional Development

Tegeta Motors must focus on the continuous professional development of its staff to keep up with industry advancements and evolving customer needs.

Ongoing Education and Certification: Encouraging employees to pursue ongoing education and certification in their respective fields can ensure they stay updated with the latest industry trends and technologies.

Access to Industry Conferences and Workshops: Providing opportunities for staff to attend industry conferences and workshops can enhance their knowledge and bring new ideas into the Company.

- Investment in Technology and Digital Skills

With the integration of modern technology into Tegeta Motors' operations, the staff must be proficient in using these technologies effectively.

Digital Literacy Training: Implementing training programs focused on digital literacy and modern tools and software will ensure that all employees can utilize technology to improve efficiency and service quality.

Advanced Technical Training: To maintain high service standards, technical staff will need advanced training on new diagnostic tools, repair techniques, and automotive technologies.

In summary, Tegeta Motors' management and leadership development needs include enhancing customer service skills, developing technical skills for workshop mechanics, fostering leadership and management capabilities, promoting continuous professional development, and investing in technology and digital skills. By addressing these needs, Tegeta Motors can ensure that its staff remains highly skilled, motivated, and capable of driving the Company's continued success.

Tegeta Motor's Financing and Regulatory Environment Development Needs

Tegeta Motors, as a leading company in the Georgian automotive aftermarket business, operates in an environment where both financing and regulatory compliance are critical. Several development needs must be addressed to ensure sustained growth and adherence to industry standards.

Impact of COVID-19 on Tegeta Motors

The COVID-19 pandemic presented unprecedented challenges for Tegeta Motors, disrupting operations, straining financial resources, and reshaping customer demand. As a leading player in Georgia's automotive industry, the company had to act swiftly to adapt to the evolving situation while maintaining its commitment to service quality and business continuity.

One of the immediate priorities for Tegeta Motors was ensuring the safety of its employees and customers. The company implemented strict health and safety protocols across its service stations, showrooms, and warehouses to mitigate risks and maintain operations. Recognizing the critical role of vehicle maintenance during the pandemic, Tegeta prioritized servicing government and emergency vehicles, including ambulances, police cars, and utility trucks, ensuring that essential transportation remained uninterrupted.

Financially, the pandemic led to a shift in consumer spending behavior, with a decline in discretionary purchases and an increased focus on vehicle maintenance rather than new car acquisitions. To navigate the economic downturn, Tegeta Motors optimized costs and streamlined expenses while preserving its core services. Supply chain disruptions posed another major challenge, as global factory shutdowns led to shortages in auto parts and delays in delivery times. In response, the company diversified its sourcing

strategies, expanding partnerships with alternative suppliers to ensure continued product availability. Despite these challenges, the pandemic accelerated digital transformation at Tegeta Motors. The company strengthened its online presence by developing e-commerce platforms for auto parts, launching digital payment systems, and introducing remote booking services for maintenance appointments. This shift to digital operations not only helped Tegeta maintain customer engagement during lockdowns but also positioned the company for future growth in an increasingly digital marketplace.

Ultimately, the pandemic underscored the importance of business agility, proactive risk management, and digital innovation. Tegeta Motors emerged from the crisis with a stronger technological infrastructure and a more resilient business model, better equipped to navigate future disruptions.

Impact of the Russia-Ukraine War on Tegeta Motors

The Russia-Ukraine war introduced new economic and operational uncertainties for Tegeta Motors, impacting supply chains, financial stability, and consumer demand. As one of Georgia's leading automotive companies, Tegeta faced challenges related to inflation, rising costs of raw materials, and logistical bottlenecks, all of which required swift strategic adaptations.

One of the most immediate consequences of the war was its effect on the supply chain. Ukraine and Russia were key trade partners for many industries, and disruptions in these markets created shortages in essential automotive components. The increased costs of transportation, driven by rising fuel prices and shipping constraints, further complicated logistics. Tegeta Motors responded by strengthening relationships with European and Asian suppliers, expanding its procurement network, and adjusting inventory management strategies to ensure stable product availability despite external uncertainties.

The economic impact of the war also affected consumer behavior, with inflation and reduced purchasing power leading to shifts in market demand. Vehicle owners prioritized essential repairs and maintenance over discretionary upgrades, prompting Tegeta to focus more on after-sales services and customer retention initiatives. The company adapted its pricing strategy to account for fluctuating costs while maintaining affordability for customers. Additionally, Tegeta Motors explored new market segments, including eco-friendly automotive solutions, as the war highlighted the global need for energy efficiency and alternative transportation options.

Despite the economic volatility, the crisis also presented opportunities. As some foreign competitors scaled back operations due to geopolitical instability, Tegeta Motors strengthened its market position by expanding its regional presence and deepening relationships with key stakeholders. The company also reinforced its risk management strategies, incorporating geopolitical assessments into long-term planning to better anticipate and respond to similar crises in the future.

Through a combination of strategic adaptation, supply chain resilience, and market diversification, Tegeta Motors has continued to navigate the challenges of the war. The company remains focused on maintaining operational efficiency, exploring new growth opportunities, and reinforcing its leadership position in Georgia's automotive sector, even in the face of global uncertainty.

Financing Development Needs

A. Access to Capital

Expansion Funding: As Tegeta Motors continues to expand its service stations and product offerings, access to sufficient capital is essential. This includes securing loans, attracting investors, and exploring alternative financing options to support growth initiatives.

Technology Investment: Investing in cutting-edge technology requires significant capital. To stay competitive and innovative, financing options for technology upgrades and digital transformation projects must be explored.

Financial Management

Efficient Financial Planning: Implementing advanced financial planning and management systems will help allocate resources better and manage cash flow effectively. This includes utilizing financial software that integrates with existing systems like SAP to streamline operations.

Cost Management: Continuous evaluation and optimization of costs, including operational expenses and supply chain management, are crucial for maintaining profitability. Strategies for cost reduction without compromising on quality should be developed.

Regulatory Environment Development Needs

A. Enhancing Safe Driving Regulations

Prohibition of Outdated Tires: Implementing regulations prohibiting outdated tires is essential to enhance road safety. Tegeta Motors can advocate for and support the enforcement of these regulations by providing education and inspection services to ensure compliance.

Regular Tire Inspections: Encouraging regular tire inspections and replacements can significantly reduce the number of collisions caused by tire failures. This initiative can be promoted through customer awareness campaigns and partnerships with regulatory bodies.

B. Control Over Automobile Air Pollution

Emission Standards: Strict control over automobile air pollution is necessary to improve environmental quality. Tegeta Motors can support the implementation of stringent emission standards and provide services, such as emission testing and maintenance, that help vehicles meet these standards.

Eco-friendly Products and Services: Promoting the use of eco-friendly products, such as low-emission tires and green lubricants, can help reduce the overall environmental impact. Tegeta Motors can lead by example by incorporating these products into its offerings.

C. Compliance and Advocacy

Regulatory Compliance: Ensuring full compliance with all local and international regulations is critical for Tegeta Motors. This includes regular audits, employee training on compliance matters, and staying updated with regulatory changes.

Advocacy for Better Regulations: Tegeta Motors can actively advocate for better regulations that enhance road safety and environmental protection. By collaborating with government agencies and industry groups, the Company can influence positive regulatory changes.

D. Training and Awareness Programs

Employee Training: Regular training programs on regulatory compliance, safety standards, and environmental protection are necessary. This ensures that the staff is well-informed and capable of adhering to regulatory requirements.

Public Awareness Campaigns: Conducting public awareness campaigns on the importance of using safe, up-to-date tires and maintaining low vehicle emissions can drive community support for regulatory measures.

In summary, Tegeta Motors' financing and regulatory environment development needs include

- securing capital for expansion and technology investments,
- enhancing financial management practices,
- advocating for and complying with regulations that promote safe driving and reduce air pollution, and
- conducting training and awareness programs.

Addressing these needs will help Tegeta Motors sustain its growth and leadership position while contributing to safer and more environmentally friendly driving conditions in Georgia. Additionally, by strengthening its resilience to external challenges—such as the economic impact of the COVID-19 pandemic and the geopolitical instability caused by the war in Ukraine—Tegeta Motors can better navigate uncertainties, maintain financial stability, and continue to drive innovation in the automotive sector.

Tegeta Motors: Driving Safety, Inclusivity, and Innovation Through Challenges

Tegeta Motors, a stalwart in the automotive industry, has long been dedicated to promoting safety guidelines and enhancing car care practices. Recognizing the importance of seasonal tire changes, high-quality braking products, and superior engine oils to reduce air pollution, Tegeta has raised awareness about these crucial aspects.

Moreover, Tegeta has made significant strides in fostering inclusivity by empowering women to pursue

careers in the traditionally male-dominated auto industry. Tegeta has contributed to a more diverse and inclusive workforce by breaking down barriers and providing opportunities.

During the challenging pandemic, Tegeta rose to the occasion by implementing rigorous safety measures to protect its employees while continuing to provide essential services. Focusing on servicing government vehicles, including ambulances and police cars, Tegeta ensured that critical vehicles remained operational, supporting the community during unprecedented times.

Navigating through the financial challenges brought about by the pandemic required resilience and strategic planning. Tegeta demonstrated its ability to adapt and thrive, maintaining financial liquidity and overcoming obstacles with determination and efficiency.

The pandemic also accelerated Tegeta's digital transformation journey, underscoring the importance of embracing technology in the Company's strategy. Leveraging digital solutions has not only enhanced operational efficiency but has also provided valuable insights into navigating through stressful situations. Furthermore, the resource crisis highlighted the importance of having a diversified supplier portfolio and the ability to respond swiftly to market changes. Tegeta's proactive approach to managing resources and adapting to market dynamics has positioned the Company for continued success amidst uncertainty. In essence, Tegeta Motors' commitment to safety, inclusivity, resilience, and innovation has fortified its position in the automotive industry and exemplified its dedication to serving the community and driving positive change. As Tegeta continues to evolve and embrace new challenges, its impact on the automotive landscape is poised to endure for years.

Hungary

1. MCULE.COM KFT.

Overview

Address: Bartók Béla út 105-113. 1115, Budapest, Hungary

Tel: +36302932064

Email: info@mcule.com

Web: www.mcule.com

Company information

Industry¹: 46.75 Wholesale of chemical products

Year of Establishment: 2011

Sales Revenues in 2017: 0.199 million euros

Sales Revenues in 2023: 3.996 million euros

Average number of employees in 2023: 27 full-time employees

Brainer(s) behind the company: The Team, each person and their cohesion is of key importance

Nature of market leadership

Mcule.com Kft. operates as an online platform/marketplace for molecules as raw materials for pharmaceutical research. Additionally, they offer services in molecular docking and compound preparation. Within this niche, they rank among the top three providers in the EU and the top four in the world, holding nearly a 10% market share globally. Their impressive growth has garnered international attention, with The Financial Times listing Mcule.com Kft. among the 1000 fastest-growing European companies in 2021, 2022, and 2023.

Nature of competitive advantage

Mcule is a highly innovative company with specialized expertise in a niche field. The founders, who come from research and chemical informatic backgrounds, leverage this perspective to connect with aspiring researchers, who often become buyers. These connections sometimes evolve into strategic partnerships. After a few years in the market, they became known as a

company that can be relied upon, which provide a solution for challenging problems. Most of their competitors have no expertise in chemical IT and focus on trading, whereas Mcule focuses on solutions which includes trading as well, which differentiates them from the others. Mcule's commitment to innovation remains strong as they continually explore new directions for the company. They offer a fully integrated service, providing not only the highest quality compounds but also molecular modeling tools, they design unique compounds unavailable elsewhere, have molecular docking services, and give assistance with customs clearance and logistics.

Core lessons learned on the path to success

1. Leveraging their backgrounds in research, Mcule maintains an innovative mindset to connect more freely to fellow researchers and innovators, enhancing their ability to sell compounds.
2. The success of the company is rooted in their human resources, as they cultivated a closely knit team of young, high-achieving professionals that are committed to the company.
3. Mcule fosters a culture of innovation and collaboration to enable the team to drive the company forward and ensure that they stay at the forefront of the industry.

Management and leadership development needs

The company heavily relies on the expertise of its team members. This reliance was a significant strength in the early stages, as the team possessed all the necessary knowledge. However, as the company gradually grows, it has become essential to document these processes for future use.

Recognizing the critical role of their team, the company strives to maintain an ideal size from collaboration and cost perspective as well, by being highly selective in their hiring process and investing in retaining existing talent. Whenever possible, they prioritize automating processes instead of hiring additional staff. Implementing knowledge management systems and prioritizing employee engagement and retention are the key future needs of the company.

Financing and regulatory environment development needs

The company no longer relies on external investors for funding. Instead, they secure capital through grants from the state or the European Union for R&D projects. Additionally, if necessary, they can depend on financial injections from the owners. This approach provides them with greater financial independence and flexibility.

Pandemic's Impact on "Hidden Champions" Business Approach

While the COVID-19 crisis negatively impacted many companies, Mcule experienced a different trajectory. Initially, labs were closed, and R&D projects were halted in the industry, funding for these projects dried up. However, after a few months, the pharmaceutical and biotech industries received an unprecedented influx of capital. This financial boost resulted in significantly increasing demand to market players like Mcule, and especially their solution-based focus led to even higher growth, which resulted in a highly successful year for the company.

Effects of the Ukraine War on "Hidden Champions" Business Operations

Historically, most companies manufacturing chemical compounds in the region are based in Russia or Ukraine. This posed significant logistical challenges for many businesses. However, Mcule distinguished itself by capitalizing on this situation and generating value. Unlike several

large pharmaceutical companies that faced bureaucratic hurdles when ordering molecules directly from manufacturers, Mcule demonstrated agility in resolving these issues swiftly. This ability to overcome obstacles allowed them to enhance their services and add value to their offerings. Mcule's approach is characterized with the highest possible level of transparency, in this way buyers can decide whether they order from Russian or Ukraine based manufacturers or not. One of Mcule's competitors Chemspace, which is a Ukraine based company could solve several of their war-based problems with relocation of some activities to the European Union.

From researcher roots to a global innovation leader, based on "the team"

Founded by a group of researchers, Mcule has always embraced an innovative mindset that has been integral to its success. This approach not only helps the sale of compounds to diverse biotech companies with leaders that are also researchers, but also establishes Mcule as an innovator within the global industry. This mindset has proven invaluable in navigating and thriving amidst challenges such as the COVID-19 pandemic and geopolitical disruptions like the Ukrainian War, enabling the company to emerge stronger and more profitable.

Mcule's primary revenue stream stems from supplying chemical compounds to researchers of pharmaceutical firms, particularly burgeoning biotech enterprises. Beyond their robust compound search platform, Mcule extends its service offering with additional solutions including molecular docking and comprehensive logistics support. They place significant emphasis on maintaining a wide-ranging product portfolio and ensuring swift service delivery. Mcule differentiates itself by developing and offering exclusive compounds that are unavailable elsewhere, leveraging their advanced technical capabilities to outpace competitors. Furthermore, their operational capabilities include cold room storage facilities, enabling rapid distribution across the EU within a day and to the US within two to three days, which is a feature highly valued by their customers.

A cornerstone of Mcule's success, as highlighted by the company, lies in their exceptional team, where members go the extra mile for each other and company by default. As Mcule continues to expand, they recognize the critical importance of documenting processes beyond individual expertise. They remain committed to recruiting top-tier talent and fostering an environment that nurtures and retains employees that are crucial to the company's growth and achievements.

With a strong dedication to innovation, Mcule is well-positioned to drive advancements in the pharmaceutical industry and maintain its market leading role in the coming years.

2. MERTCONTROL Group

Overview

Address: Móricz Zsigmond út 51, 2151 Fót, Hungary

Tel: +36 1 455 4010

Fax: -

Email: sales@mertcontrol.com / gparkanyi@mertcontrol.com

Web: www.mertcontrol.hu

Company information

Industry¹²: 74.90 Other professional, scientific and technical activities n.e.c.

Year of Establishment: 1996

Sales Revenues in 2017: 577 thousand euros

Sales Revenues in 2023: 7.293 million euros

¹² According to NACE Rev. 2 – please check the technical instructions included in this document (pg. 9).

Average number of employees in 2023: 93 full-time employees

Brainer(s) behind the company: Csongor Kállay, founder and co-CEO of Mertcontrol Group & Gábor Párkányi, co-CEO of Mertcontrol Group

Nature of market leadership

Mertcontrol Group has longstanding market experience in the field of testing, inspection, and certification (in short: TIC activities) of agricultural crops and produce. Mertcontrol offers its TIC service portfolio to food and agriculture producers. As an integrated company, Mertcontrol has achieved a dominant leading market share in Hungary and Slovakia besides sustaining a strong foothold in Romania, thus holds a significant position in the Central-Eastern European market too.

Nature of competitive advantage

Mertcontrol's predecessor legal entity was founded in the 1950s which means the company has accumulated deep industry expertise throughout decades. As an established player in its field, Mertcontrol has a wide clientele and expert network in the form of strategic partnerships. Today, Mertcontrol successfully covers testing, inspection and certification which is perceived as a unique value proposition on the market. Besides having an integrated portfolio, Mertcontrol offers consultancy services as well.

Core lessons learned on the path to success

1. In a high-risk industry, Mertcontrol prioritizes caution over rapid growth, maintaining a careful balance between prudent management and business expansion.
2. Despite having the potential to triple its revenue, Mertcontrol chooses stability, recognizing the industry's low tolerance for error.
3. The company sees human resource management as key to success, valuing proactive behavior and strong team collaboration.
4. Mertcontrol distinguishes itself by anticipating client needs and initiating solutions early, even before receiving official requests.

Management and leadership development needs

On the market and in the CEE region, especially in Hungary, maintaining personal relationship with clients and the partner network is essential. Executives lay strong emphasis in PR and management should always take care of maintaining an expert image of Mertcontrol. The company upholds a liveable, friendly atmosphere at work where colleagues are not pressured to perform. Leaders and even CEOs (as they operate with three CEOs) know each of their subordinates and their motivations, their personal background, how they like to work and how they perform at their best. Mertcontrol desires to keep it that way and avoid getting too big in size as it is one of the core lessons learned. Today, acquiring and retaining talented employees is challenging and Mertcontrol has recognised that substantial effort is needed towards keeping the skilled workforce.

Financing and regulatory environment development needs

As part of its prudent management practices, Mertcontrol mostly opts for equity finance. What they would like to get better in is how they perform with Hungarian tenders and proposals. Keeping up to date with regulatory changes also poses a challenge for Mertcontrol.

Pandemic's Impact on "Hidden Champions" Business Approach

Regarding operations, Mertcontrol's laboratories in Komárom, Kerepes and Debrecen worked well organised, risk was mitigated well. Employees worked in flexible schedules and separation was perfect. Border crossing and crop transportation was difficult, also to determine who to work with during the virus spreading as transportation was banned in some cases to avoid spreading disease. In the first year, the pandemic caused major disruption, but Mertcontrol was fuelled to find a solution and they managed to alter the transportation routes, which routes are still used to this day. The hardships experienced during the pandemic and the service disruptions of courier and transportation demanded Mertcontrol create their own fleet and operations. Today, this in-house capability is greatly appreciated on the market, because with this the company can provide additional value as it is more careful and focused than using independent transportation providers.

Effects of the Ukraine War on "Hidden Champions" Business Operations

Food safety and quality assurance of produce became crucial during the Ukraine War. Mertcontrol hasn't experienced significant disruption as many similar hurdles were mitigated during the pandemic (road alterations, longer waiting times). Crop inspection was executed near the Ukraine border, surprisingly imports from Ukraine mostly remained intact and on time. To further widen its service offerings, Mertcontrol has started to lay a stronger focus on handling food products besides agricultural produce, providing a truly value chain-spanning solution portfolio to its clientele.

Value chain-spanning service portfolio paired with market expertise at Mertcontrol Group

Mertcontrol Group was established in 1996, however, the preceding legal entity has been in the agricultural crop testing market for more than 60 years. Throughout these decades, the company has gathered deep industry knowledge and a network of expert partners. Today, Mertcontrol offers a value-chain spanning service portfolio for agricultural companies and food producers as testing, inspection, and certification coupled with consultancy services.

In the last decade, Mertcontrol has experienced stable growth in its operations. This growth has remained strong despite the challenges generated by the COVID-19 pandemic and the Ukraine War. These crises have strengthened the need for food and produce safety, creating further demand for Mertcontrol's services: in 2023, Mertcontrol achieved twofold growth in net revenue compared to 2020.

Many different factors have contributed to this success, such as the thoughtful management practice that kept the balance between sustaining growth and avoiding getting too big in size, too soon. Team effort and collegiality are recognized and rewarded at Mertcontrol which allows employees to maximize their efficiency without pressure. The company sustains a friendly atmosphere and focuses on maintaining a close relationship with each colleague. The importance of personal relationships is also utilized in how Mertcontrol markets its services and keeps contact with clients.

Looking ahead, Mertcontrol prepares to focus on retaining its highly skilled workforce and applying for Hungarian financial subsidies, besides keeping the ideal size where the business can grow but the current positive atmosphere is still sustained at Mertcontrol.

3. PALLET SOLUTION KFT.

Overview

Address: Koronafűt utca 22, 1165 Budapest, Hungary

Tel: +36-20-665-6052

Fax:

Email: info@palletsolution.hu

Web: www.palletsolution.hu

Company information

Industry¹³: 46.13 Agents involved in the sale of timber and building materials

Year of Establishment: 2001

Sales Revenues in 2017: 3.385 million euros

Sales Revenues in 2023: 13.847 million euros

Average number of employees in 2023: 9 full-time employees

Brainer(s) behind the company: Gábor Lévai, Chief Executive Officer and Ádám Lévai, Sales Director of Pallet Solution Kft.

Nature of market leadership

Pallet Solution Kft. is a market leader in the sales and rental of used pallets and GitterBox products, targeting automotive businesses, logistics companies, retailers, pharmaceutical companies, and food & beverage companies. The company has nearly 50% market share in the Central Eastern European region in the rental of used GitterBoxes. In recent years, the economic downturn somewhat helped Pallet Solution to expand as production didn't cease and excess inventory required clients to store finished goods with the help of GitterBoxes. Pallet Solution's efforts are recognized on an international level too: The Financial Times has selected the company among the 1000 fastest-growing European companies in 2022 and 2023.

Nature of competitive advantage

Pallet Solution has remained a family-focused company, where brothers Gábor Lévai and Ádám Lévai both work devotedly and build trust with their partners. Today, Pallet Solution Kft. managed to place itself in the role of system integrator, upholding a wide network of domestic and international partners and stable suppliers. This integrator role helps the company to maximize efficiency in its core activities and outsource other activities to reliable partners. In this network model, Pallet Solution receives a transaction fee after the sales or rental of its products, so export is indirect through clients.

Core lessons learned on the path to success

1. Coming from a family business, Pallet Solution has always believed in organic growth and careful cost management as keys to long-term success.
2. A stable and reliable network provides the company with a strong sense of security and stability in the market.
3. During the COVID-19 pandemic, the founders learned to navigate crisis situations effectively and recognised that their industry remains essential and resilient in any economic climate.

Management and leadership development needs

With such a background as Pallet Solution, the company follows a prudent management practice, focusing on organic growth. However, due to the recent expansion, the company has also recognized a need for a second managing director and the development of Pallet Solution's sales capabilities to ensure future market success. Also, the need for proper company branding is required, to which a planned new showroom facility and new leadership can bring success.

¹³ According to NACE Rev. 2 – please check the technical instructions included in this document (pg. 9).

Financing and regulatory environment development needs

The company follows the practice of equity financing and only takes bank loans with small interests. As a system integrator in the sales of used storage products, Pallet Solution often opts for acquisitions. The company acknowledges that a better business environment and pricing would favour such acquisition practices.

Pandemic's Impact on "Hidden Champions" Business Approach

As downturns tend to favour Pallet Solution and similar businesses, the COVID-19 pandemic contributed to the company's growth in the past three years. However, at the beginning of the pandemic, business processes in the industry were disrupted and recovery was slow. Transportation routes were also delayed, and the market experienced shortages. Due to the pandemic, Pallet Solution had to create a resilient form of operations in which its strong, reliable supplier network turned out to be crucial. This learning point strengthened the company's belief in organic growth and the importance of a stable partner network.

Effects of the Ukraine War on "Hidden Champions" Business Operations

At the time of the outbreak of the conflict, wood supply was disrupted which is an essential ingredient to wood pallets. Supply did not cease in 2022 and recovery did not take long for supply to be reliable again. The pandemic and the conflict caused fluctuation in prices, which was hard to handle for Pallet Solution and its clientele.

From family business to regional market-leading presence as a network integrator

Led by people coming from a longstanding family business, Pallet Solution has slowly become a leading network integrator in the sales and rental of used pallets and GitterBox products. The company has a wide range of clientele, operating in markets such as retail, the automotive sector, pharmaceuticals, and logistics. Through an increased focus on organic growth and cautiously managing expenses, Pallet Solution has achieved a stable position on the market, securing nearly 50% market share in the Central Eastern European region in the rental of used GitterBoxes. The pandemic and the Ukraine War fuelled demand for the company's products as many businesses were forced to increase inventory as overall demand and consumption fell during the time of these crises. Also, many businesses seek cheaper and more sustainable solutions like used pallets and storage products. Pallet Solution managed to capitalize on this growth opportunity, which was so successful that The Financial Times recognized its effort among the top 1000 fastest-growing companies in 2022 and 2023.

As a network integrator, Pallet Solution lays strong emphasis on maintaining a strong supplier and partner network which allows the company to outsource non-crucial business activities to its partners and keep its core activity in-house to maximize efficiency and contain the costs.

Despite sustaining its strong position in the market, Pallet Solution faces challenges in building out its sales capabilities and increased visibility as a brand. Management is considering the appointment of a new executive to handle the expansion and to create a new showroom facility which would help the company's branding efforts. These steps would further fuel the growth of Pallet Solution.

4. Julius-K9

Overview

Address: Ipar utca 10-12, 2310 Szigetszentmiklós, Hungary

Tel: +36-20-252-1816

Fax:

Email: info@julius-k9.com

Web: www.julius-k9.com

Company information

Industry¹⁴: 15.12 Manufacture of luggage, handbags and the like, saddlery and harness

Year of Establishment: 1997

Sales Revenues in 2017: 15.262 million euros

Sales Revenues in 2023: 14.802 million euros

Average number of employees in 2023: 322 employees

Brainer(s) behind the company: Anikó Bakos, Founder and Gyula Sebő Founder, Chief Executive Officer of Julius-K9 Kft.

Nature of market leadership

Julius-K9 is the European market leader in the quality dog harness market thanks to its patents, high-quality, and flexible technology solutions, and prominent use of materials. In the coming period, the company plans to strengthen its market position by increasing its market share in the US.

Nature of competitive advantage

Julius K-9 sets itself apart with more than 20 years of experience, industry embeddedness, expertise and continuous innovation, enabling it to produce goods of higher quality than its market competitors. As a result of high-quality manufacturing, Julius-K9 products are described as a positive example by international intellectual property organizations. The brand name stands for quality, reliability, and innovative solutions in the market.

Core lessons learned on the path to success

1. In an increasingly competitive market, you need to constantly innovate and strive for flexible production.
2. The only way to move forward is through relentless consistency and making the tough decisions.
3. Without strong textile industry background it is difficult to maintain competitiveness.

Management and leadership development needs

In the face of fierce price competition in the European market, management needs to cut costs and streamline operations. Implementing organizational change is a challenge for management. To increase cost efficiency, the existing production structure must be transformed, and the organization must be made leaner and more flexible in order to handle the challenges of a rapidly changing environment.

Financing and regulatory environment development needs

In many cases, inferior products from non-EU manufacturers enter the EU market, which is even supported by store chains as they sell them as private label brands. This brings about a challenge

¹⁴ According to NACE Rev. 2 – please check the technical instructions included in this document (pg. 9).

for European high-quality manufacturers and looks to set a future, where the market will be divided to quality brands and value brands, with value brands cannibalizing the previous high share of quality brands. According to the company, it would be important to strengthen the common European customs regulations as well as the whole European textile industry.

In its current situation, the company's own resources are not sufficient for expansion, so a long-term loan would be necessary. However, the current high interest rate environment prolongs the return on investment, which is why various state-supported export incentive programs could also provide a solution.

Pandemic's Impact on "Hidden Champions" Business Approach

The pandemic has caused the company to deal with significant fluctuations in demand. The rise of web shops has also challenged the company, as the competitive advantage of high-quality products can be better exploited through a physical presence.

Effects of the Ukraine War on "Hidden Champions" Business Operations

After the outbreak of the war, a sharp rise in energy and raw material prices caused cost challenges for Julius-K9, which became even more pronounced with the expansion of imported low-cost products.

Julius-K9: Innovation and quality in the dog harness market

Julius-K9 has been a leading player in the dog accessories market for more than 20 years. Founded by Anikó Bakos and Gyula Sebő, the company has grown over the years from a garage company to one of Europe's most renowned high-quality dog harness manufacturers. The products manufactured by the company outperformed their competitors in terms of shape, colour and durability even in the early 2000s, moreover in the last decade thanks to their continuous innovation capabilities, they have become one of the biggest players in the European dog harness market. All of the company's product developments have been elaborated on in the field of patent and design protection, resulting in more than 160 trademarks and numerous other patents worldwide.

Before the outbreak of the pandemic, Julius-K9 had a market share of almost 50 percent in Europe, but macroeconomic and geopolitical events have challenged the company: significant growth in online trade has been difficult for a company that relied on a physical presence, but the main problem has been the uncontrolled influx of cheaper import goods into the European market. Energy and raw material prices also rose sharply following the outbreak of the war, posing a further challenge in the race to sustain competitiveness.

Despite the difficulties, Julius-K9 has secured its leading position in the European high-quality dog harness market, although the value segment of the market rose steeply in the past few years. Furthermore, their innovative capabilities permanently help them to compete with Asian manufacturers. By broadening its product portfolio and increasing its market share in the US, the company still has significant potential to contribute to the re-growth of Julius-K9.

Kazakhstan

1. Parqour

Overview

Address: Almaty, Shevchenko, 144, Astana, Tursynbek Kakisheva street, 13, Dubai, One Central Dubai World Trade Center, Tashkent, Ahmad Donisha, 20A

Fax: 516 468-1202

Email: hello@smart-parkings.com

Web: <https://parqour.kz/eng/>

Company Information

Industry: Parking Management Industry

Year of establishment: 2020

Sales revenues in 2024 : N/A

Average number of employees in 2024: over 200

Brain(s) behind the company: Amirkhan Omarov, CEO, Founder

Nature of market leadership

Urbanization and high-density developments have increased the demand for structured parking, particularly in cities with limited public transit options. As urban expansion replaces surface parking lots with new buildings, parking facilities gain value for both consumers and investors. The industry remains monopolistic, with a few dominant operators, further driving up demand.

Parqour leads the smart parking industry in the SPECA subregion, offering number-recognition-based solutions in Central Asia, the USA, Saudi Arabia, and CIS countries. As the largest and sole major exporter of smart parking solutions, the company differentiates itself through advanced technology, extensive experience, and strong marketing strategies. From 2020 to 2024, Parqour expanded its market share from 60% to 90%, solidifying its dominance in the sector.

Nature of competitive advantage

Parqour's automated parking systems (APS) optimize space usage, enhance efficiency, and improve the user experience in urban environments where parking is scarce. These systems stack vehicles vertically or horizontally, reducing land requirements while minimizing congestion and emissions. APS technology streamlines parking operations, making it more convenient for drivers while promoting environmental sustainability.

Parqour integrates advanced technologies such as license plate recognition, sensor-based vehicle guidance, and digital signage to automate vehicle entry, exit, and space allocation. This reduces the time spent searching for parking spots, easing traffic congestion and improving air quality. The system's efficiency benefits both businesses and consumers by enhancing operational productivity and reducing parking-related stress. With its innovative solutions, Parqour continues to set industry standards, reinforcing its competitive edge.

Core lessons learned on the path to success

Parqour's journey to becoming a market leader highlights the critical role of continuous innovation. The company's commitment to impactful innovation ensures that it meets evolving market demands while maintaining a competitive edge. A deep understanding of the parking industry, gained through extensive research, has allowed Parqour to identify and address key challenges such as limited parking availability, outdated payment methods, and inefficient user experiences. By proactively adapting its technology and services, the company remains ahead of industry trends.

Another crucial lesson is the importance of building a diverse and skilled team. Parqour's success is driven by a multidisciplinary workforce that brings expertise across technical, operational, and marketing domains. This well-rounded team enables the company to develop cutting-edge solutions while effectively positioning itself in the market. Additionally, collaboration with local authorities has proven essential in shaping policies that benefit both users and the broader community. By engaging in policy discussions and advocating for smart parking initiatives, Parqour has strengthened its industry leadership and contributed to the modernization of urban mobility solutions.

Management and leadership development needs

To sustain its market leadership and drive future growth, Parqour must focus on strengthening its management and leadership capabilities. As the company scales, its leadership team will need to deepen

its understanding of global market trends, competitive landscapes, and advancements in smart parking technology. Founders and executives must continuously refine their strategic vision to align with emerging industry shifts and customer demands. As smart parking solutions evolve, Parkour should prioritize research and development to stay ahead of technological advancements, particularly in artificial intelligence (AI), the Internet of Things (IoT), and data analytics. Enhancing technical knowledge across leadership levels will ensure the company remains at the forefront of digital transformation in the parking industry.

Moreover, Parkour should develop strategies to streamline workflows, optimize resource allocation, and minimize operational expenses while maintaining service quality. Strengthening decision-making and analytical capabilities will be essential for scaling operations effectively without compromising efficiency or customer satisfaction. Furthermore, as Parqour expands into international markets, its leadership team must enhance its global business acumen. The task includes understanding regulatory frameworks, cultural nuances, and business environments in target markets. Strengthening partnerships with local authorities and stakeholders will also be crucial in navigating policy discussions and advocating for smart parking initiatives that align with urban development goals.

Investing in leadership development programs and executive training will help equip Parqour's management team with the skills needed to drive sustainable growth, foster innovation, and maintain a competitive edge in an increasingly dynamic industry. By addressing these development needs, Parqour will be well-positioned to scale its operations, enhance customer experiences, and lead the future of smart parking solutions.

Financing and regulatory environment development needs

As Parqour continues to expand, securing the right financial resources and navigating regulatory frameworks will be critical to its success. The company should explore diversified funding strategies, including venture capital investments, strategic partnerships, and government-backed financial incentives. Access to long-term financing will enable Parqour to scale its operations, invest in advanced R&D, and enhance technological capabilities.

In addition to financing, regulatory compliance remains a key area of focus. The smart parking industry is subject to evolving regulations regarding data privacy, urban mobility policies, and environmental sustainability. Parqour should strengthen its ability to adapt to varying international legal frameworks while proactively engaging with policymakers to shape regulations that support innovation in parking technology.

Developing an agile approach to compliance will be essential, particularly as the company expands into markets with different regulatory requirements. By building up its own legal staff and working together with government agencies, Parqour can stay ahead of legal problems and establish itself as a reliable partner for smart city projects. By addressing these financing and regulatory needs, Parqour can reinforce its growth trajectory and sustain its position as a leader in the smart parking industry.

Pandemic's Impact on Parqour's Business Approach

The COVID-19 pandemic profoundly influenced the way businesses operate, forcing companies to reassess their strategies, resilience, and adaptability. For hidden champions like Parqour, the pandemic underscored the importance of agility, digitalization, and risk management in sustaining long-term growth. During the pandemic, Parqour experienced disruptions in operations due to fluctuating demand, lockdown restrictions, and changes in urban mobility patterns. With fewer people commuting and a decline in demand for parking services in certain sectors, the company faced an immediate challenge in maintaining revenue streams. However, Parqour quickly adapted by accelerating its digital transformation efforts. The company strengthened its focus on automation, contactless payments, and AI-driven parking management to align with shifting consumer behaviors and urban infrastructure needs. The crisis also reinforced the importance of financial resilience. Parqour optimized its operational expenses, ensuring financial stability while continuing its R&D investments. The pandemic highlighted the need for diversified revenue streams, prompting the company to explore new market segments,

such as logistics and smart city partnerships, where its automated solutions could be deployed beyond traditional parking systems.

Moreover, the pandemic underscored the necessity of proactive leadership. Parqour's management swiftly implemented strategic shifts, reinforcing a culture of innovation and adaptability. The company strengthened relationships with local governments and urban planners, advocating for smart parking solutions as an integral component of post-pandemic urban mobility planning. Overall, the pandemic shifted Parqour's approach to business by emphasizing resilience, technological advancement, and proactive market adaptation.

Effects of the Ukraine War on 'Hidden Champions' Business Operations

The war in Ukraine has had significant geopolitical and economic repercussions, affecting businesses worldwide, including Parqour. Given Parqour's expansion into CIS markets, the conflict has introduced challenges related to supply chain disruptions, regional economic instability, and regulatory uncertainty. One of the most immediate impacts has been on logistics and procurement. With supply chains disrupted due to sanctions, currency fluctuations, and trade restrictions, Parqour has had to adapt its sourcing strategies. The company has sought alternative suppliers outside of traditional CIS markets, diversifying its supply base to mitigate risks associated with geopolitical tensions. Moreover, financial volatility in the region has also affected Parqour's pricing strategies and contract negotiations. Currency depreciation in affected markets, alongside inflationary pressures, has required the company to reassess its financial models to maintain profitability while ensuring affordability for customers. Additionally, shifting regulatory landscapes in response to the war have posed compliance challenges. Parqour has had to navigate evolving trade policies, sanctions, and investment restrictions, requiring enhanced legal expertise and a more proactive approach to regulatory engagement.

The Quiet Giant of Smart Parking: Parqour's Unwavering Ascent

In the dynamic landscape of urban mobility, where securing a parking space often poses a formidable challenge, Parqour has emerged as an industry leader, redefining parking solutions through technological innovation. Founded by Amirkhan Omarov, Parqour has evolved from a basic parking application into an advanced smart parking ecosystem, demonstrating a steadfast commitment to enhancing urban infrastructure. Parqour's remarkable growth and industry leadership can be attributed to several critical success factors, including visionary leadership, innovation, unique value propositions (UVPs), and strategic market positioning.

Under the stewardship of Amirkhan Omarov, Parqour has fostered a strong culture of innovation, adaptability, and customer-centricity. Omarov's ability to anticipate industry trends and proactively address parking challenges has played a pivotal role in shaping the company's trajectory. His strategic vision has guided Parqour's expansion into international markets while maintaining its commitment to cutting-edge technological advancements.

At the core of Parqour's success is its relentless pursuit of technological innovation. The company's dynamic pricing model, a pioneering advancement within the parking sector, optimizes space utilization by adjusting tariffs based on real-time demand. This strategy not only maximizes the efficiency of available parking spaces but also enhances revenue generation for facility owners. Further strengthening its technological capabilities, Parqour has developed an advanced system for recognizing vehicle dimensions, streamlining the parking process by eliminating the need for manual measurements and reducing the risk of vehicle damage. Additionally, the integration of AI-driven analytics and IoT-enabled parking management solutions has positioned Parqour at the forefront of smart urban mobility solutions.

Beyond its technological advancements, Parqour has successfully differentiated itself through its unique value propositions. The company's intuitive interface and integrated payment solutions ensure a frictionless parking experience for motorists. Meanwhile, its comprehensive management platform provides parking operators with real-time data and analytical insights, enabling informed decision-making, operational efficiency, and enhanced customer satisfaction. These features set Parqour apart

from traditional parking operators and reinforce its competitive edge.

Parqour's ability to identify and capitalize on gaps in the smart parking sector has significantly contributed to its success. By targeting urban centers with high congestion levels and outdated parking infrastructure, the company has established itself as a crucial player in modernizing urban mobility. Moreover, its expansion into Central Asia, the USA, Saudi Arabia, and CIS countries demonstrates its ability to scale its solutions while adapting to diverse regulatory and business environments.

Parqour's success exemplifies the synergy of innovation, customer focus, and strategic leadership. As the company continues its expansion, it is poised to redefine urban parking experiences, reinforcing its status as a hidden champion in the field of smart parking solutions.

2. Clockster

Overview

Address: 50/3 Turan Avenue, Suite 4, Astana, Kazakhstan

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Email: info@clockster.com

Website: <https://www.clockster.com/>

Company Information

Industry: Staff Management Solutions

Year of Establishment: 2018

Sales Revenues in 2023: N/A

Average Number of Employees in 2023: N/A

Brain(s) behind the company: Yerjan Ryskali, CEO & Co-Founder

Nature of market leadership

Clockster has established itself as a market leader in Kazakhstan in the domain of time tracking and shift automation. Based on insights from interviews with Yerjan Ryskali, the company was a pioneer in this sector within Kazakhstan and has significantly outpaced its competitors in terms of product functionality over six years of operation. By focusing on addressing the comprehensive needs of clients in the HoReCa (Hotel, Restaurant, Café) and retail sectors, Clockster has evolved beyond a mere time-tracking solution to offer a fully integrated Human Resource Management (HRM) system. This strategic differentiation sets it apart from competitors that typically provide only fragmented workforce management tools.

The company's leadership position extends beyond Kazakhstan, with successful operations in Kyrgyzstan and an entry into the Saudi Arabian market. This geographical expansion underscores Clockster's ability to compete beyond national borders, demonstrating both its scalability and international growth potential. Despite being the most premium-priced solution in the Kazakhstani market, Clockster remains the preferred choice for clients due to its extensive functionality, deep customization capabilities, and high product quality. The company's partnerships with leading firms in Kazakhstan and Southeast Asia further reinforce its reputation as a superior solution provider.

The demand for advanced personnel management systems in Kazakhstan has surged recently, driven by the rapid expansion of coffee shop chains, restaurants, and other HoReCa enterprises. The sector's persistent challenges, such as labor shortages and high employee turnover, have necessitated sophisticated workforce management tools, positioning Clockster as a critical enabler of operational efficiency.

In other markets where Clockster operates, the competitive landscape varies significantly. In the Philippines, the company identifies substantial growth potential in the HoReCa sector due to the absence of dominant market players. Conversely, in Indonesia, while the market presents opportunities, intense competition and price sensitivity pose challenges to immediate investment. In Uzbekistan, Clockster has adopted a remote operational model, recognizing the country's large market size yet constrained by low average income levels, which limit purchasing power.

What distinguishes Clockster as a hidden champion is its ability to provide an all-encompassing

workforce management solution tailored to frontline employees. The platform integrates time tracking, shift automation, leave management, task assignment, checklists, and payroll processing into a singular system. In contrast, competing providers predominantly offer isolated functionalities, such as basic time-tracking tools. This holistic approach enhances operational efficiency for businesses, reinforcing Clockster's competitive advantage and its status as a leading innovator in the sector.

Nature of competitive advantage

Clockster does not publicly disclose its market share; however, the company asserts that it is the most premium-priced solution in its sector, with costs averaging two to three times higher than those of its competitors. This pricing strategy makes sense because the company offers a lot more than just basic time tracking. It offers a fully integrated Human Resource Management (HRM) system as well. The superior functionality and depth of the platform are evidenced by its adoption among leading clients in Kazakhstan and Southeast Asia, who recognize its capacity to enhance operational efficiency and workforce management.

Clockster's primary markets include Kazakhstan, where it holds a leading position; Uzbekistan, where it operates remotely; Indonesia, where it strategically focuses on large enterprise clients; and the Philippines, where it identifies significant potential for rapid expansion.

The company's competitive advantage is rooted in its holistic approach to personnel management automation and its capacity for profound product customization to meet client-specific needs. Yerjan Ryskali highlights that Clockster is designed to comprehensively serve the HoReCa and retail sectors, differentiating itself from competitors that primarily offer isolated workforce management tools. Rather than limiting its functionality to time tracking, Clockster provides a complete HRM ecosystem, integrating multiple modules to support business operations seamlessly.

Key features of Clockster's HRM system include time tracking and shift automation, advanced scheduling functionalities that allow businesses to manage employee shifts dynamically, ensuring flexibility and minimizing operational disruptions. The system also enables real-time monitoring of attendance and late arrivals.

This integrated approach positions Clockster as a superior solution within its market, reinforcing its status as a hidden champion by delivering a sophisticated and adaptable workforce management platform that meets the evolving needs of businesses across multiple regions.

Core lessons learned on the path to success

Several critical lessons, each highlighting key strategic and operational considerations in scaling a technology-driven business, have shaped Clockster's journey toward market leadership. One of the most significant insights has been the strategic value of product customization. In its early stages, the company faced considerable challenges in competing with larger, more established players, particularly in Southeast Asia. However, its commitment to deep product adaptation emerged as a defining strength. By tailoring its HRM system to address the specific needs of businesses in the HoReCa and retail sectors, Clockster was able to distinguish itself from competitors offering more generic workforce management solutions. Focusing on being flexible and adaptable helped the business get important clients who needed custom features. This proves that investing in making your products stand out can give you a big edge in markets with lots of competition.

Another crucial lesson learned was the importance of market selection in shaping growth trajectories. The company's early internationalization efforts underscored the significance of rigorous market evaluation before expansion. While Indonesia appeared to offer substantial opportunities, the high level of competition and market-wide price sensitivity made scaling more challenging than initially anticipated. In contrast, Clockster achieved faster traction in the Philippines, where competition was less intense and market conditions were more favorable for the company's product. This experience highlighted the necessity of prioritizing expansion based not only on market size but also on competitive dynamics, customer readiness, and the feasibility of establishing a sustainable presence.

Clockster also encountered difficulties in building a proficient B2B sales team, particularly in Kazakhstan.

In the initial phases, it was a significant challenge to find and train sales professionals with enough technical expertise to effectively communicate the product's value proposition. This limitation impeded early scaling efforts and underscored the necessity of investing in sales force development from the outset. Recognizing this, the company shifted its focus toward recruiting and training in-house talent, which subsequently improved its market penetration and overall sales performance. This experience made me realize again how important human capital is for growing tech companies and how important it is to give sales teams both technical and business skills.

Another key challenge in Clockster's expansion strategy was navigating the regulatory complexities of international markets. As the company sought to establish operations in Southeast Asia, it encountered significant legal and compliance hurdles, particularly in relation to payroll and labor legislation. In several cases, local regulations proved more intricate than initially expected, leading to delays in client onboarding and operational inefficiencies. This experience reinforced the importance of conducting thorough legal due diligence before entering new markets and establishing partnerships with local experts to navigate complex regulatory landscapes effectively. Ensuring compliance with country-specific labor laws and tax regulations emerged as a critical factor in sustaining long-term business operations and mitigating the risks associated with international expansion.

Collectively, these lessons illustrate that sustainable growth in the HRM technology sector requires a combination of strategic product development, informed market entry decisions, investment in human capital, and regulatory preparedness. Clockster's ability to adapt to these challenges and refine its approach has reinforced its position as a hidden champion in workforce management, demonstrating resilience and agility in an evolving competitive landscape.

Management and leadership development needs

There is a significant demand for B2B sales professionals with technical expertise, yet the labor market in Kazakhstan faces a shortage of such specialists. As Clockster expands into new markets, the need for skilled sales personnel will continue to grow, alongside the necessity of strengthening teams of developers and product customization specialists to meet diverse market requirements. The company's least developed capability remains B2B sales in the technical products sector, a challenge exacerbated by the relative immaturity of the HRM system market in Kazakhstan and the scarcity of experienced professionals. The founder emphasizes that priority should be given to training sales managers, as their effectiveness directly influences client acquisition and revenue growth. Simultaneously, continuous investment in the professional development of developers and customization specialists is essential to maintaining the product's competitive edge in a rapidly evolving market.

Financing and regulatory environment development needs

Clockster's development trajectory as a Hidden Champion (HC) is closely linked to its ability to secure adequate financing and navigate the regulatory environment effectively. As the company seeks to scale operations and enhance its technological capabilities, access to growth capital is a critical requirement. Clockster is currently pursuing a Series A funding round of \$2–5 million, aimed at accelerating its expansion in Southeast Asian markets and further advancing its product development. Given the competitive nature of the HRM solutions market, securing investment from venture capital funds in Southeast Asia and beyond is essential to sustaining its growth momentum and strengthening its market positioning.

From a regulatory perspective, the most significant development affecting Clockster's business is the introduction of new legislation in Kazakhstan concerning platform employees. This legal reform simplifies taxation for businesses working with freelance workers, potentially increasing demand for HRM solutions among SMEs that previously found tax compliance too complex. This regulatory shift could serve as a catalyst for Clockster's client base expansion within Kazakhstan. However, the company has not identified any major regulatory challenges in other markets where it operates. However, as it continues to expand internationally, regulatory due diligence will remain crucial, particularly in jurisdictions with complex labor laws and payroll regulations, which could affect its product's adaptation

and implementation.

Overall, Clockster's sustained development as a Hidden Champion depends on a strategic balance between securing investment and anticipating regulatory changes. How quickly it develops new technologies and grows its market will depend on how well it can get funding. Foresight in regulatory matters will be very important for making sure operations run smoothly and reducing the risks that come with international growth.

Pandemic's Impact on "Hidden Champions" Business Approach

The COVID-19 pandemic had a profound impact on Clockster's business, reshaping its strategic approach and reinforcing key lessons on resilience, adaptability, and market diversification—factors that are increasingly central to the outlook of Hidden Champions (HCs). With government-imposed restrictions leading to the closure or downsizing of many HoReCa establishments, which constitute Clockster's primary client segment, the company faced a severe decline in revenue, threatening its long-term viability. In response, Clockster adopted a multi-pronged strategy to mitigate risks and reposition itself for sustainable growth.

A key adjustment was the exploration of alternative monetization strategies, including offering the application for free while focusing on revenue generation through additional services targeted at employees. Although this approach did not yield the expected financial returns, it demonstrated the company's willingness to experiment with new business models. More significantly, Clockster accelerated its expansion into Southeast Asian markets, where pandemic-related restrictions were less severe and demand for HRM systems remained stable. This shift highlighted the importance of geographical diversification as a risk mitigation strategy for HCs operating in niche markets.

Another critical response was continued investment in product development, with enhancements aimed at attracting new clients and retaining existing ones despite the challenging economic environment. This strategic focus reinforced the company's competitive positioning and strengthened customer loyalty in a time of uncertainty. While some short-term measures, such as free product offerings, proved less effective, the emphasis on international market entry and continuous innovation emerged as the most impactful solutions, enabling Clockster not only to withstand the crisis but also to sustain its growth trajectory.

The broader implication of Clockster's experience aligns with an evolving perspective among Hidden Champions globally. The pandemic underscored the need for agility in business models, proactive internationalization, and an unwavering commitment to innovation. Companies that successfully navigated the crisis demonstrated a capacity to pivot rapidly, seize emerging opportunities in new markets, and enhance their value proposition to ensure long-term resilience. While no direct impact of the war in Ukraine on Clockster's business was noted in interviews with Yerjan Ryskali, the company's pandemic response exemplifies the necessity for HCs to anticipate and adapt to external shocks by fostering strategic flexibility and reinforcing their global competitiveness.

The Clockster Story: Pioneering Time and Attendance Solutions in Kazakhstan

Clockster has established itself as a leading innovator in workforce management, evolving from a simple time-tracking tool into a comprehensive HRM system. Founded in 2018 by Yerzhan Ryskali, the company caters primarily to the HoReCa and retail sectors, addressing workforce efficiency challenges through shift automation, leave management, task tracking, and internal communication tools.

A key driver of Clockster's success is its commitment to customization, enabling businesses to tailor HRM solutions to their specific needs. This flexibility has set it apart from competitors relying on generic time-tracking tools, positioning it as a market leader in personnel management automation. Additionally, strategic market selection has been crucial—after an initial broad expansion attempt, the company refocused on markets with high demand and lower competition, ensuring sustainable growth.

Despite its success, Clockster has faced challenges, particularly in building a skilled B2B sales force in Kazakhstan, where experienced professionals in tech sales are scarce. The company addressed these issues by investing in internal training, reinforcing the importance of a strong sales strategy in scaling

operations. Expanding internationally also required navigating complex regulatory landscapes, highlighting the need for compliance research and local partnerships.

The COVID-19 pandemic further tested Clockster's resilience, as the HoReCa sector faced widespread closures. In response, the company pivoted its business model, accelerated its expansion into Southeast Asia, and enhanced product development, emerging stronger and more diversified.

Clockster's growth reflects the critical role of innovation, adaptability, and customer focus in building a hidden champion. Its ability to anticipate market needs, refine its offerings, and strategically expand positions it as a key player in HRM technology, driving workforce efficiency for businesses in Kazakhstan and beyond.

Kosovo

1. Koshi Group LLC

Overview

Address: Str Tirana Nn. 20000, Prizren, Kosovo

Tel: +383 (0) 49 428 910

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Email: info@koshigroup.com

Web: www.koshigroup.com

Company information

Industry¹⁵: Manufacturer of Carbon Fiber Products

Year of Establishment 2014

Sales Revenues in 2017: 672,000.00

Sales Revenues in 2023: 1,644,424.00

Average number of employees in 2023: 62

Brainer(s) behind the company: CEO and founder Shkamb Koshi

Nature of market leadership

KOSHI is established and operates in Kosovo, but it exports 100% of its products worldwide. KOSHI, established in 2014, has rapidly ascended to become the global frontrunner in aftermarket Carbon Fiber products. This dominance is built on a foundation of over a decade of pre-founding experience. The company specializes in a broad range of vehicles including Alfa Romeo, Fiat, Lamborghini, Porsche, and others. KOSHI excels in transforming vehicles not only aesthetically but also enhancing their performance, a feat that has garnered widespread admiration. The company's product lineup is extensive, encompassing accessories, jewelry, body kits, interior decals, and performance parts both for interiors and exteriors. They pay attention even to the minutest details, such as button covers. For enthusiasts seeking to impart a distinctive carbon fiber flair to their cars, motorbikes, or even jewelry, KOSHI stands out as the premier choice.

Additionally, KOSHI Marine produced Interstellar 32, the newest innovation in offshore fishing vessels. This vessel stands as a technological marvel, setting new standards in the maritime world with its blend of superior performance, lightness, and enduring durability. Crafted entirely from 100% Carbon Fiber and Epoxy Resin, the Interstellar 32 is designed to excel in the demanding environment of offshore fishing. Its construction emphasizes innovation and excellence, ensuring that every aspect of the vessel contributes to a superior fishing and maritime

¹⁵ According to NACE Rev. 2 – please check the technical instructions included in this document (pg. 9).

experience. The use of advanced materials not only reduces the overall weight but also enhances the strength and longevity of the vessel, making it a standout choice for enthusiasts and professionals alike.

Newest project in process is the production of Koshi 51" monohull boat , 15x3.6 m to reach speed of more than 100 knots.

Nature of competitive advantage

KOSHI is renowned for utilizing the most advanced technology and the latest materials in its manufacturing processes. This commitment to quality is highlighted by their use of Prepreg Carbon Fiber material sourced from Delta-Preg, the same supplier for prestigious brands such as FERRARI and LAMBORGHINI. They further enhance their products with top-tier finishes, including a clear coating with a long-lasting finish (PPG-D880) and a Ceramic clear coat (PPG-D8122). These components are expertly cured using Autoclave technology, which involves a specific combination of high temperature and pressure (130°C – 6 bar), to ensure durability and strength. Through these sophisticated techniques, KOSHI transforms standard carbon fiber products into

exceptional pieces of art that are both beautiful and functional.

Core lessons learned on the path to success

The following are the core lessons learned on the path to success:

- Koshi Group, operating within a rapidly expanding industry, has recognized the significant market demand for bespoke automotive products, reflecting a robust growth in customer interest. The company has leveraged this opportunity by forging global partnerships with numerous salons and securing various agreements, although these opportunities also pose unique challenges.
- Innovators within Koshi are continually encouraged to remain receptive to customer needs and preferences.
- Over its years of operation, Koshi Group has developed proprietary technology for production. This in-house technology has enabled the creation of unique and innovative products, with the company now boasting a portfolio of 101 products that cater to the diverse requirements of its clientele.
- As a family-run business, Koshi Group has taken substantial strides in its growth. Over the past year, the company has made significant investments in staff development, focusing on technology training as well as enhancing management and leadership skills. This strategic focus on employee development is aimed at sustaining its trajectory of growth and innovation in the coming years.

Management and leadership development needs

Koshi Group LLC has focused on enhancing management and leadership skills among its staff, recognizing the need for continuous development to sustain growth. Mr. Shkamb Koshi, the founder and intellectual force behind Koshi Group LLC, epitomizes innovation. His genius extends not only to the inception of new products but also to the strategic frameworks he devises for them. To maintain and advance their competitive edge, the company focuses on continuous development in the following areas:

Keeping abreast of the latest advancements in carbon fiber technology and market trends is crucial. This involves ongoing education and training programs for employees to stay updated with industry innovations and best practices. It ensures that the company can continue to

innovate and produce cutting-edge products that meet market demands.

Developing advanced manufacturing skills and techniques among employees is essential to maintain high-quality production standards. This includes specialized training in the use of materials like Prepreg Carbon Fiber and mastering processes such as Autoclave technology. By enhancing these competences, Koshi Group ensures that its products remain at the forefront of performance and aesthetic excellence.

Financing and regulatory environment development needs

Koshi Group imports its raw material and exports its products. They complain on exporting policies for being costly for this type of industry. On the trade front, Koshi Group faces additional challenges due to high costs imposed by export policies. Given their need to import raw materials and export finished products, these fiscal burdens are particularly impactful. Finally, testing fishing vessels in Kosovo presents a unique challenge primarily because the country is landlocked, lacking direct access to a sea or ocean where maritime activities typically take place.

Pandemic's Impact on "Hidden Champions" Business Approach

During the COVID-19 pandemic, automobile factories faced a unique challenge primarily related to adhering to new health and safety regulations, rather than operational capacity issues. Despite these constraints, factories generally operated at normal levels of production. Interestingly, the pandemic period saw an increase in automobile sales, attributed largely to a shift in consumer behaviour towards online purchasing.

Effects of the Ukraine War on "Hidden Champions" Business Operations

The war in Ukraine has not had a direct effect on the business operations of Koshi Group LLC. However, the company has remained vigilant about potential indirect impacts, such as disruptions in supply chains or changes in the global economic environment. By maintaining flexible and resilient business strategies, Koshi Group continues to mitigate any potential risks arising from global geopolitical events.

"Title for the story about the Hidden Champion"

"The Innovative Journey of Koshi Group LLC: A Hidden Champion"

Koshi Group LLC, founded in 2014 and headquartered in Prizren, Kosovo, has established itself as a global leader in manufacturing carbon fiber products for the automotive and marine industries. Known for its innovative approach and high-quality products, the company exports 100% of its production worldwide. This story delves into the factors that have propelled Koshi Group to its prominent position, focusing on leadership, innovation, unique value propositions (UVPs), and other key elements of its success.

Koshi Group LLC was founded by Shkamb Koshi, whose vision was to create superior carbon fiber products that not only enhance the aesthetic appeal of vehicles but also improve their performance. Leveraging over a decade of experience prior to the company's establishment, Shkamb Koshi set out to revolutionize the aftermarket automotive industry with products that cater to high-end brands such as Alfa Romeo, Fiat, Lamborghini, and Porsche.

The leadership at Koshi Group LLC is characterized by a clear vision and a relentless drive for innovation. Shkamb Koshi, the CEO and founder, is a quintessential innovator whose strategic frameworks have guided the company towards global recognition. His leadership style emphasizes continuous improvement, strategic partnerships, and a deep understanding of

market needs.

Innovation is at the core of Koshi Group's operations. The company utilizes advanced materials such as Prepreg Carbon Fiber and employs Autoclave technology to ensure the highest quality of its products. This technological prowess is evident in their broad range of products, from automotive accessories and body kits to performance parts and the recently developed Interstellar 32 fishing vessel. The company's commitment to innovation extends to developing proprietary technologies that enhance both the functionality and aesthetic appeal of their products.

Koshi Group LLC's UVPs lie in the superior quality of their materials and the advanced manufacturing techniques they employ. By sourcing Prepreg Carbon Fiber from the same suppliers as Ferrari and Lamborghini, Koshi Group ensures that their products meet the highest standards of excellence. The meticulous finishing processes, including clear coating with long-lasting finishes and ceramic clear coats, further distinguish their products in the market. These UVPs not only attract luxury car brands but also appeal to enthusiasts seeking unique, high-performance modifications.

The leadership's vision for continuous innovation and excellence has been pivotal in Koshi Group's journey. Shkamb Koshi's strategic direction has fostered an environment where innovation thrives, allowing the company to stay ahead of industry trends and maintain a competitive edge. The unique value propositions, rooted in high-quality materials and advanced manufacturing processes, have solidified the company's reputation as a leader in the carbon fiber products industry.

Koshi Group LLC's success can be attributed to several core lessons. The importance of understanding customer needs and continuously innovating to meet those needs cannot be overstated. Koshi Group's product development is deeply influenced by customer feedback and market trends. Forming strategic partnerships with luxury car brands and other key stakeholders has been crucial. These partnerships have not only enhanced the company's credibility but also expanded its market reach. Continuous investment in the development of employees' skills, particularly in technology and management, has been essential in maintaining high production standards and fostering a culture of excellence.

To sustain its growth and continue leading in its industry, Koshi Group LLC focuses on the following areas for management and leadership development. Keeping abreast of the latest advancements in carbon fiber technology and market trends is crucial. This involves ongoing education and training programs for employees to stay updated with industry innovations and best practices. Developing advanced manufacturing skills and techniques among employees is essential to maintain high-quality production standards. This includes specialized training in the use of materials like Prepreg Carbon Fiber and mastering processes such as Autoclave technology. Enhancing management and leadership skills to foster a culture of innovation and excellence within the company is also critical. Training programs focused on strategic thinking, effective communication, and leadership development are pivotal in empowering managers and leaders to drive the company's vision forward.

The war in Ukraine has not had a direct effect on the business operations of Koshi Group LLC. However, the company remains vigilant about potential indirect impacts, such as disruptions in supply chains or changes in the global economic environment. By maintaining flexible and resilient business strategies, Koshi Group continues to mitigate any potential risks arising from global geopolitical events.

Koshi Group LLC exemplifies the qualities of a Hidden Champion through its unwavering commitment to innovation, high-quality production, and strategic leadership. The company's

journey from a small startup in Kosovo to a global leader in carbon fiber products serves as an inspiration for other enterprises aiming to achieve similar success. Through strategic foresight and continuous development, Koshi Group LLC continues to set benchmarks in the automotive and marine industries.

Latvia

1. PRIMEKSS SIA

Overview

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Company information

Industry¹⁶: 43.33 FLOOR AND WALL COVERING

Year of Establishment: 1997

Sales Revenues in 2017: 18.4 mln EUR

Sales Revenues in 2023: 49 mln EUR (2022)

Average number of employees in 2023: 280

Brainer(s) behind the company: CEO and owner Janis Ošlejs

Nature of market leadership.

SIA PRIMEKSS is recognised as a leading authority in concrete production in the Baltic and Northern European markets. The company is actively broadening its export network, securing new contractual agreements across various regions, including Israel, the United States, and India. PRIMEKSS faces competition mainly from companies such as XTM, Twintec Group, and Linatel.

Nature of competitive advantage

The competitive advantage of SIA PRIMEKSS can be attributed to several key factors. One of the most significant is their innovative technology. PRIMEKSS has developed a proprietary technology called PrimeComposite, which is a high-performance, fibre-reinforced concrete solution. This technology significantly reduces the need for traditional steel reinforcement and minimises the occurrence of shrinkage cracks.

Cost efficiency is another crucial factor. The PrimeComposite technology enables thinner slabs and reduced material usage, resulting in cost savings in both materials and labour. This efficiency allows for their products to be highly competitive in terms of price without compromising on quality.

Sustainability also significantly enhances their competitive advantage. PRIMEKSS's solutions are environmentally friendly because they lower the carbon footprint by using less concrete and steel. The company's emphasis on sustainable building practices appeals to the increasing market demand for green construction solutions.

Quality and durability are additional key benefits. The high performance of PrimeComposite

¹⁶ According to NACE Rev. 2 – please check the technical instructions included in this document (pg. 9).

floors guarantees superior durability, with enhanced resistance to wear and tear, making them ideal for heavy-duty applications such as warehouses, industrial facilities, and retail spaces. PRIMEKSS has also established a strong presence in the international market, delivering projects across Europe, North America, and other regions. Their proven track record and reputation for quality work bolster their competitive edge.

Customisation and flexibility further boost their appeal. The company provides tailored solutions to meet specific client needs, offering customised floor designs that cater to unique project requirements. This flexibility makes them attractive to a broader range of customers.

Lastly, technical expertise is a significant competitive strength. PRIMEKSS's team comprises highly skilled professionals with deep expertise in concrete technology and construction. Their ability to deliver technically challenging projects adds to their competitive strength.

By leveraging these factors, SIA PRIMEKSS maintains a competitive advantage in the construction industry, particularly in the niche of high-performance concrete floors.

Core lessons learned on the path to success

The core lessons learned by SIA PRIMEKSS on their path to success encompass several strategic and operational insights that have contributed to their leadership in the concrete production industry.

- One of the most significant lessons is that innovation is key. Embracing and developing technology, such as their proprietary PrimeComposite, has been crucial. This innovation has enabled PRIMEKSS to differentiate its products, offering superior performance and cost advantages.
- Another critical lesson is the importance of a customer-centric approach. Tailoring solutions to client needs and offering customised and flexible solutions have enhanced client satisfaction and loyalty. Understanding and addressing specific client requirements is essential for competitive differentiation.
- Additionally, the entrepreneurial spirit of the company owner has been a pivotal factor in the success of SIA PRIMEKSS. This entrepreneurial drive has fostered a culture of innovation, risk-taking, and proactive problem-solving, which has been instrumental in the company's growth and its leadership in the market.

Management and leadership development needs

To sustain its current growth trajectory, SIA PRIMEKSS recognises the need to enhance the managerial and delegation skills of its middle-level managers. Most of these managers are internally developed specialists who have advanced alongside the company's growth. While they possess high-level technical expertise, there is a critical need for them to acquire additional managerial competencies, specifically in areas such as delegation and project management. Additionally, the company should establish an internal training system focused on the utilisation of its proprietary technology, ensuring consistent and effective application across all projects.

Financing and regulatory environment development needs

Regarding regulatory needs, the company has advocated for tax reductions for stable market participants and consistent taxpayers. No further financial or regulatory obligations have been specified.

Pandemic's Impact on "Hidden Champions" Business Approach

During the COVID-19 pandemic, restrictions enacted to curb the spread of the coronavirus

remained in force in the Republic of Latvia and many other countries, resulting in a significant slowdown in economic growth both locally and internationally. The management of Primekss continuously evaluated the situation, recognising its inherent unpredictability. As a result, the company's turnover was not greatly affected. The management remained confident that the company could manage the crisis effectively by reducing both administrative and direct project costs.

Financially, Primekss benefited from strategic support during the pandemic. The company secured an €8 million financing deal from the Altum investment fund, specifically aimed at helping large companies adapt to the new realities of life and business. This funding not only assisted Primekss in navigating the immediate challenges posed by the pandemic but also enabled ongoing investment in product development and market expansion.

One significant benefit came from the increased emphasis on sustainability and efficiency. Primekss's PrīmX technology, known for its reduced CO₂ emissions and material efficiency, became even more appealing as businesses and governments sought greener solutions. The pandemic accelerated the shift towards sustainable practices, and Primekss was well-positioned to meet this growing demand.

The pandemic also underscored the importance of flexibility and rapid construction. Primekss's technology, which allows for faster installation and reduced labour costs, provided a competitive edge. As construction projects faced delays and budget constraints, the ability to complete projects more quickly and cost-effectively became a crucial advantage.

As a result, SIA Primekss was able to capitalise on its innovative, sustainable, and efficient concrete solutions to navigate the crisis. The company's ability to adapt to changing market demands, coupled with strategic financial support, enabled it not only to survive but also to strengthen its competitive position in the industry.

Effects of the Ukraine War on "Hidden Champions" Business Operations

SIA Primekss ceased its operations in Russia and Belarus on 28 February 2022, as a show of solidarity with the international community and in response to the changing geopolitical situation. This decision meant that Primekss had to halt its business activities in these markets, which had historically been important for many Latvian companies. The end of operations in these regions forced Primekss to seek alternative markets to compensate for the loss of revenue from Russia and Belarus.

Building Strength from the Ground Up: The Story of Primekss

The company was established in 1997 by the young entrepreneur Jānis Ošlejs. Initially, the business focused on coatings, specifically on how to improve poor floor surfaces by covering them with plastic material that makes the floor look visually appealing and easy to maintain for food companies, among others. Although the business experienced rapid growth, problems soon emerged - the coating material began to detach from the floor surface.

After investigating the problem, the team concluded that the problem lay not in the material, but in the poor concrete substrate. This led the team to reassess their approach and explore ways to enhance the quality of the concrete. After conducting intensive research, they developed and patented a product called Primekss Composite, which became the company's flagship product.

Primekss Composite offered an innovative solution for industrial floors and structures, reducing concrete rusting and cracking. This unique product enabled the company to become a global leader in the industrial floors and structures market. With its technology, the company helped

customers save costs by offering thinner, yet stronger, concrete.

The company's growth was rapid, and it established two main business lines: manufacturing with its workforce and selling the technology through licensing. With its team, the company carried out projects in Scandinavia, the Baltic states, Israel, the United States, Belarus, India, and Africa. The licence allowed customers to use the technology with training and support.

"We realised quite quickly that the Latvian market was small and that growth opportunities were limited, so we turned to exports as early as 2002. We started with the geographically closest countries - Lithuania and Estonia," says Mr Ošlejs. Later, when Latvia joined the European Union and job opportunities opened in the single European market, the company started exporting to Sweden. The rest of Scandinavia and other countries gradually followed this. Scandinavia is the company's biggest export market today, but it also exports to Asia, India, Israel and other European countries, including the United Kingdom. The USA and even South Africa are important export destinations. Before the Russian invasion of Ukraine, the company was also active in Russia and Belarus - these markets are now closed.

For many years, the company has demonstrated annual growth of 30-35% and continues to expand, strengthening its position in the market and reaching a turnover of 90 million euros in 2023, with 95% of this turnover stemming from production and licence export. There are several key factors that contribute to the company's success.

One of the main factors is continuous innovation and investment in R&D. While researching defects in concrete production, Primekss developed a unique, patented steel fibre-reinforced self-stressing concrete (SFRSSC) technology known as PrīmX. This technology enables the construction of jointless, dimensionally stable concrete floors and structural elements, which are essential for high-precision environments like gigafactories. The PrīmX system is also designed to be future-proof, offering flexibility in modifications and load placements. The innovative concrete technology developed by Primekss results in floors that are 50% stronger than traditional concrete. This increased strength contributes to the durability and long life of the floors, making them suitable for heavy-duty industrial applications. Primekss has demonstrated a strong commitment to research and development (R&D), allocating significant resources to promote continuous product innovation. The company has established collaborations with multiple technical universities, both in Latvia and abroad, to enhance its research capabilities. In a notable advancement of its R&D infrastructure, Primekss opened its Research and Development Centre in 2023. The centre is the most modern and largest private concrete research centre in the Baltics and Eastern Europe, representing a significant milestone in the company's dedication to scientific progress in concrete technology. The Research and Development Centre serves multiple functions, including concrete mix design development, material testing, and the advancement of concrete solutions for robotics and automation applications. The company's annual investment in R&D activities, approximately 2 million euros, underscores its commitment to remaining a leader in concrete innovation.

Additionally, the company demonstrates a strong commitment to sustainability. Operating in an industry with high pollution levels, Primekss has made sustainability a fundamental part of its business, notably impacting its operations, product development, and corporate culture. Here's how their dedication to sustainability influences their business. Primekss has developed PrīmX, a patented concrete technology that is 50% stronger than traditional concrete and generates up to 70% less CO2 emissions.

Client focus and a strong emphasis on quality are additional success factors. The organisation invests in educating its clients through various webinars, workshops, and direct training sessions. The company prioritises not only achieving results but also fostering strong, long-term

relationships with its clients. Primekss offers full-service design-build project partnerships, supported by meticulous planning and high-quality standards. The company's structural-engineering department ensures that all projects are delivered with a full warranty, covering materials, design, and execution.

To guarantee the high quality of its products, Primekss established its own quality control system, PrimeQuality.com, which enables real-time monitoring of critical floor parameters. This ensures that the highest quality standards are consistently upheld across all projects. The use of sensor-equipped slabs further improves the ability to monitor and maintain floor quality over time.

Above all, the key to success is the company's leadership and team. The entrepreneurial spirit of the company owner fuels steady growth and attracts motivated employees with similar mindsets, thereby creating a strong and united team.

Nevertheless, the main success factor for Primekss is its leadership and team. The entrepreneurial spirit of the company's owner acts as a catalyst for steady and sustained growth, attracting like-minded, motivated individuals who together make a strong and united team. This dynamic leadership encourages a corporate culture that highlights innovation, commitment, and a shared vision for the company's future, thereby supporting Primekss's ongoing success and competitive position in the concrete technology industry.

2. SIA PERUZA

Overview

Address: 'Lejasrandoti', Mucenieki, Ropazu novads, LV-2137, Latvia

Tel: +371-67240836

Fax:

Email: info@peruza.com

Web: www.peruza.com

Company information

Industry¹⁷: 28.93, Manufacture of machinery for food, beverage and tobacco processing.

Year of Establishment: 1991

Sales Revenues in 2017: 3,6 mln EUR

Sales Revenues in 2023: 6,2 mln EUR

Average number of employees in 2023:

Brainer(s) behind the company: Roberts Dlohi, board member; Arnis Petranis, owner

Nature of market leadership

SIA PERUA has established itself as a prominent global player in the production line solutions sector, with a particular focus on fish processing machinery. While the company's core expertise lies in the development and manufacturing of fish processing equipment, it has diversified its portfolio to include a wider range of food industry applications. These include, but are not limited to, pumpkin processing lines, spinach washing systems, box conveying mechanisms, and weight batching solutions. The company's international footprint is considerable, with exports reaching various regions including the European Union, Brazil, China, Japan, and Thailand. Notably, South East Asia has become a key growth market for PERUZA, with the Philippines showing particular promise. In terms of market position, PERUZA maintains a

¹⁷ According to NACE Rev. 2 – please check the technical instructions included in this document (pg. 9).

significant market share of 10-15% within the global small fish processing industry.

Nature of competitive advantage

The company is renowned for the superior quality of its products and exceptional individualised customer support. Emphasising innovation and continuous improvement—embodied by the motto "Improvement is our passion"—the company persistently enhances its production lines, focusing on core aspects and refining areas of potential advancement. The industry requires ongoing engagement with both potential and existing clients while maintaining high service support standards, making a high level of client orientation crucial. Adhering to the principle of "keeping your word/promise," the company commits to working diligently until the equipment operates correctly.

Furthermore, the company invests in educating young specialists by collaborating with educational institutions, frequently inviting second- and third-year students for internships or employment and dedicating substantial time and effort to their training and development.

Core lessons learned on the path to success

A key success factor is the company's dedication to continuous improvement. This mindset, described as "looking into the core and improving what can be improved", is embedded throughout the organisation and drives both technological progress and problem-solving. This culture is underpinned by a deliberate strategy to develop young engineering talent. Peruza actively recruits students from university engineering and technical programmes, invests in their practical training, and supports their professional development over a two-year mentoring period. This long-term commitment to nurturing internal talent has established a pipeline of highly capable and loyal engineers who contribute significantly to the company's innovation capacity.

Closely related to this is Peruza's non-punishing approach to mistakes, which the company regards as learning opportunities. Leadership encourages experimentation and tolerates failure when it results from genuine effort. This cultural element is vital for fostering innovation, as it ensures that employees are not afraid to explore new solutions. The support provided to those who show initiative, regardless of rank or role, reinforces a workplace environment based on trust, empowerment, and respect.

Another key success factor is the involvement and empowerment of employees at all levels. Over time, the company has shifted from a founder-led structure to one where functional managers and specialists operate independently. Employees are trusted with decision-making, planning, and operational responsibilities. This change has been supported by clear, equal rules for everyone, whether an owner or a cleaning staff member, fostering a culture of fairness, professionalism, and mutual accountability. The symbolic importance of traditions like awarding an "Employee of the Year," which has previously been given to a cleaning staff member, demonstrates the value placed on all contributions and strengthens inclusive recognition.

The role of leadership has been to establish a strong foundation, exemplify ethical behaviour, and gradually step back to enable new leaders to emerge. The founders set the company's values and direction but now mainly act in a mentoring or strategic advisory role. This slow transfer of authority has enabled employees to develop into leadership positions, further embedding a culture of initiative and responsibility.

Finally, one of the key lessons Peruza has learned is the importance of consistency in values and discipline. The company enforces a strict code of conduct that applies equally to everyone,

fostering an environment of integrity and high standards. This level of consistency not only promotes internal cohesion but also builds external trust with customers, partners, and the wider business community.

Management and leadership development needs

As the rapidly growing company, one of the challenges involves recruiting, developing, and retaining technically skilled employees, especially in robotics and software programming. These skills are crucial for expanding in-house capabilities, particularly since many projects involve highly customised solutions that are not fully defined at the start. While outsourcing remains a temporary measure, the long-term plan clearly emphasises the need for dedicated internal teams capable of handling complex and evolving technical tasks.

Equally important is the need to foster a work culture centred on responsibility and deep commitment to results. The company places a high value on the principle of delivering fully functional solutions—"we work until it works"—which necessitates a team of professionals who are not bound by rigid working hours but are instead motivated by shared accountability for performance.

The operational environment further emphasised the need for strong project management. The organisation manages multiple ongoing projects that differ in complexity, duration, and scope. This variability creates continuous challenges in resource distribution and task prioritisation, especially when some tasks require specialised expertise. Effective project coordination, proper task sequencing, and flexible planning are therefore crucial. Project managers are expected to demonstrate not only technical skills but also strong communication and organisational abilities. In response, the company regularly invests in project management training and encourages staff to continually enhance their planning skills.

Financing and regulatory environment development needs

Perusa has historically relied on financing from Altum, a state financial institution, which has played a critical role in the company's survival during past economic downturns. Unlike commercial banks, Altum has taken a more supportive and flexible approach to loan restructuring and repayment, allowing the company to navigate financial difficulties without the risk of sudden loan recalls.

One of the main financial challenges stems from the need to produce and deliver sample equipment for testing at client sites. Although this practice was not initially part of Peruza's business model, it has become an industry expectation largely driven by larger competitors. Since clients do not pay for these trial units upfront, Peruza must fund the production and delivery of test equipment through loans. This also includes additional costs related to adapting and improving the equipment based on site-specific conditions and client feedback. These expenses are incurred before any sale is made, creating a financial gap that must be filled through external funding.

A second major financial pressure arises from a change in industry payment practices. Previously, the company followed a standard payment structure: 50% deposit, 40% before delivery, and 10% after commissioning. However, leading companies in the sector have started to demand lower advance payments and defer final payments, forcing Peruza to adapt in order to stay competitive. This change has heightened the company's need for working capital to cover production costs and operational expenses over extended payment cycles.

Pandemic's Impact on "Hidden Champions" Business Approach

No employees have been laid off or wages cut, despite a significant drop in turnover due to the impact of the virus. However, the company has borrowed a substantial amount of money to meet payroll obligations, reflecting the owners' commitment to their staff, from whom loyalty, quality, and efficiency are expected in return.

The main goal was to keep the company afloat during the difficult times of the Covid-19 pandemic. At first, the crisis was managed well, but problems arose with securing new orders. Some foreign clients, discouraged by the pandemic's economic impact and the reduced demand for their products, delayed projects to buy new equipment. Additionally, other clients faced loan rejections from their banks, which had become more cautious. These factors have presented challenges for PERUZA.

To address these challenges, the company has diversified its production profile, moving beyond manufacturing equipment solely for the fish processing sector to include the robotisation of production and packaging lines and solutions for waste sorting. This diversification requires employees to develop new skills as the company ventures into new business areas. The company is now more actively promoting its offerings globally than ever before, confident that proactive measures will enable it to withstand the crisis and achieve significant growth in the future.

Effects of the Ukraine War on "Hidden Champions" Business Operations

At the beginning of the Ukraine war, the company and food processing industry continued to face a complex and evolving set of challenges stemming from the aftershocks of the COVID-19 pandemic, which were further intensified by geopolitical and economic instability.

One of the most significant issues caused by the Ukrainian war was the extended delivery times for food processing equipment and its components. Where manufacturers and clients once expected machinery to be delivered within two to three months, the average wait has increased to four to six months. The delay was largely due to unresolved supply chain disruptions, which began during the pandemic and have been worsened by political tensions in Europe. Specific contributing factors included a global shortage of truck drivers, limited capacity of logistics providers, higher freight costs, shipping delays, inventory shortages, and labour shortages. The global energy crisis has also further destabilised the delivery process, indicating that a full recovery of the supply chain remains out of reach.

Another significant challenge was the sharp increase in inflation, which directly affects the total cost per product across the industry. Over the past year, the material cost per product has risen from 11% to 17%. This increase was caused not only by higher manufacturing costs but also by rising prices for ingredients and raw materials.

From Fish to Robotics: The Evolution of Peruza as a Process Engineering Innovator

Founded in 1991, SIA PERUZA has expanded from a modest enterprise into a significant player in the field of industrial automation and process engineering. Based in Latvia, the company initially gained recognition as a specialist in fish processing equipment. However, from its earliest days, PERUZA's philosophy has never been about simply imitating what had already been done. Instead, the company adopted a strong commitment to continuous improvement, innovation, and customer-focused development. As one of the company's representatives noted, "Even at the very beginning of the company, we were very much about not just repeating but improving every time we got an order to do."

This ethos of improvement was not solely technical; it was driven by a broader mission. PERUZA sees its work as helping to solve global food challenges. A large part of worldwide food loss does not stem from a lack of resources, but from poor processing, preservation, and storage capacity.

By providing producers with more efficient and dependable machinery, PERUZA aims to improve the global food supply chain. As the company states, “Equipment to profit is the goal why our customers are buying our equipment. And even higher value is that for the world, it means more quality food.”

Although fish processing equipment remained the company’s main focus for many years, PERUZA made a strategic choice to expand into new sectors some years ago. Today, the company describes itself more broadly as a process engineering firm, providing customised technological solutions across various industries, including meat, dairy, fruits and vegetables, and beverages. A particularly significant development has been the company’s growth into robotic and computer-controlled production lines, demonstrating a deeper integration of artificial intelligence and machine vision into their designs.

This transformation from a niche manufacturer to a multidimensional engineering firm has been supported by a lean but dynamic workforce of around 65 specialists. The company operates through a balanced structure, with its engineering and manufacturing capacities split nearly evenly between a team of experienced technicians and a younger generation of innovative thinkers. This organisational model enables PERUZA to respond swiftly to market needs, develop bespoke solutions, and support continuous technical iteration.

Despite its relatively small size, PERUZA has achieved a significant global presence. In recent years, the company has expanded to Chile, Norway, Iceland, Thailand, China, and Japan. Traditionally known for its fish processing solutions in coastal markets, the company now operates in over thirty countries across multiple continents. Importantly, all equipment is sold under the PERUZA brand, emphasising a global identity built on proprietary expertise. Rather than acting as an anonymous subcontractor, PERUZA positions itself as a direct partner with its clients, relying heavily on word-of-mouth reputation and customer referrals to foster international growth.

The company’s technological path is sharply aimed at the future of processing industries, especially considering workforce shortages and increasing demands for automation. PERUZA considers robotic vision systems, artificial intelligence networks, and collaborative robots (co-bots) vital to the development of modern production environments. These technologies are especially relevant in food processing, where product shapes, sizes, and quality can differ significantly, challenging traditional automation. PERUZA has created hybrid systems that combine machine precision with human oversight, enabling nuanced decision-making in sorting and processing materials such as fish, potatoes, and fruits.

One notable example of PERUZA’s innovation is in the Philippines, one of the company’s fastest-expanding markets. Here, PERUZA replaced entire lines of manual fish graders with robotic vision systems capable of identifying and sorting fish from overlapping, indistinct piles. Previously, these tasks required up to ten manual workers; PERUZA’s equipment now accomplishes the same with just two operators and a robotic system processing up to 300 fish per minute. This level of innovation is seen across their range of products, which includes automated can fillers, high-speed weighing systems, and modular packaging lines.

The company’s expansion into Europe has presented similarly complex challenges. In Latvia, for example, PERUZA developed a robotic system for the Cēsu alus brewery, designing an automated glass bottle handling unit to fit into a narrow space rejected by other European firms. The solution involved advanced programming and mechanical design to ensure that fragile bottles could be safely separated and delivered to the filling line. Other examples include automated packing systems for dairy producer Tukuma Piens and spinach washing lines for baby food manufacturer Spilva, each representing unique engineering solutions tailored to

specific food sector requirements.

What unites all of these projects is PERUZA's approach to process engineering. The company believes that even proven technologies can—and should—be improved. This conviction drives its investment in customised solutions that go beyond off-the-shelf machinery, offering clients greater efficiency, adaptability, and long-term value.

In a broader context, PERUZA reflects the challenges and opportunities faced by what scholars call “hidden champions” — small to mid-sized firms that operate globally in niche markets, often without widespread recognition. Latvia, as a national context, provides a mixed environment for such firms. Its strategic location, educated workforce, and integration into the European Union offer a strong platform for innovation and export-led growth. At the same time, firms like PERUZA must navigate demographic pressures, a limited domestic market, and occasional regulatory or institutional constraints.

Despite these challenges, PERUZA has not only survived but thrived, establishing itself as one of Latvia's most forward-looking industrial firms. With a clear vision, a strong technical foundation, and a commitment to long-term innovation, the company continues to shape the future of food processing—not only in Latvia but across the globe.

Lithuania

1. VILIMED (former Fidens) (ViLim Ball) – potential hidden champion

Overview

Address: Kaunas Science and Technology Park, Maironio str. 6 - 1, Kaunas, Lithuania

Tel: n.d.

Email: n.d.

Web: <https://vilimed.com/>

Company information

Industry: Other manufacturing n.e.c., Medical devices

Year of Establishment 2014

Sales Revenues in 2024: 0.51M Eur

Average number of employees in 2024: 10

Brainer(s) behind the company: Dr Mantas Venslauskas and a team

Nature of market leadership

ViLim Ball is a therapeutic device that reduces essential tremors, Parkinson's disease, and rheumatoid arthritis symptoms. It helps to reduce hand tremors by at least 20% for most patients. Furthermore, ViLim Ball reduces morning stiffness caused by rheumatoid arthritis. According to pre-clinical trials, 9 out of 10 reported less stiffness after 10 minutes of therapy. There are no direct competitors globally. However, there are some substitutes with less functionality. The device was launched in 2017 and certified in 2021. Around 70% of purchases are made by buyers from European Union countries, followed by 15% from the Middle East, 10% from the US, and 5% from Lithuania¹⁸In 2022, it attracted risk capital and business angels' investment of 300,000 euros, which was used to accelerate sales.

Nature of competitive advantage

- Innovative product which solves painful health problems.

¹⁸ <https://www.delfi.lt/login/technologijos/naujienuos/medicinos-inovaciju-kureja-vilimed-pritrauke-investicija-kuria-specialu-terapini-irengini-sumazinanti-ranku-drebejima-92148195>

- Scientists with a background in medicine and information technologies developed the product.
- The product is patented
- Acquired CE certificate

Core lessons learned on the path to success

1. A product should solve an actual human problem.
2. Understand the related decisions which can improve the product.
3. The product should be a “must-have”, not a “nice to have” product.
4. Have close relationships with your clients.

Management and leadership development needs

The central management and leadership concerns relate to questions such as creating a market for a new product, introducing it to the client, and informing him about opportunities to buy it. In general, new product marketing competencies are needed.

Financing and regulatory environment development needs

Vilimed managed to attract risk capital investment in 2022. Currently, they do not meet any financial or regulatory problems. However, they have just achieved the break-even point, so they will be interested in getting finances for the production expansion “Vilimed”

Vilimed (former Fidens) founder Mantas Venslauskas has a PhD in technology, and his inspiration for developing hand tremor technology came during his PhD studies. Vilimed created a thoroughly new technology and concept of a device for reducing hand tremors and stiffness by communicating with a researcher from the Neurologic Clinic¹⁹.

Mantas says that the key to their company’s success is the timely testing of a new product (even a prototype) with consumers. Whatever the “crooked” product, if it solves a significant customer problem, the customer will come and help you find a solution to the problem. It is essential to see if the customer recognises the benefits. It is vital to test a new product as early as possible rather than wait for it to be completed. In medicine, it can take many years to develop a final product, and if it turns out to be less than what the client needs, it could result in huge time and financial losses.

Another success factor is a good team. According to Mantas, a business owner (manager) has to be continuously interested in innovation, have competence in many areas, understand what other colleagues do, the needs of colleagues, and the needs of people, and is also a very relevant communication skill. It is challenging to be a leader if energy does not converge between the manager and his / her subordinates or colleagues. Because then, at best, you can only lead, i.e., to be a manager who delegates tasks. Undoubtedly, the manager must represent himself and the company appropriately; he must see the progress and the quality, and the employees must recognise that their work is not in vain and that their efforts are valued and appreciated.

Critical factors for successful innovation include meeting the client's needs, addressing the client's immediate and painful problem, collaborating with scientists and scientific consultants, and having a good team.

One of Vilimed's biggest challenges is creating a market for a new product, introducing it to the customer, and informing the customer that it is already available for search and purchase.

The COVID-19 period caused a shortage of microchips, which led to the stoppage of the production of VILIM balls. Due to these consequences, they started developing a mobile app-

¹⁹ <https://en.delfi.lt/business/lithuanian-scientists-solution-for-shaky-hands-condition-hits-the-market.d?id=76934829>

based solution for tremor monitoring and diagnostics, Steady Hands. Currently, Vilimed is running clinical trials that are needed for certification and commercialisation. What specific lessons does Vilimed teach us? The key to a start-up company's success is addressing the client's immediate and painful problems, timely testing of a new product (even a prototype) with the client, a good team, and a climate inside the organisation.

2. J&C Aero

Overview

Address: Terminalo str. 14, Kuprioniškės, Vilniaus region, Lithuania, LT-13279

Email: info@jcaero.com

Web: <https://jcaero.com>

Company information

Industry: Manufacture of air and spacecraft and related machinery (NACE 30.30 - Manufacture of air and spacecraft and related machinery, which includes the manufacture of aircraft, spacecraft, and their components and 33.16 - Repair and maintenance of aircraft and spacecraft). The company is an EASA-certified international cabin interior hub and end-to-end interior interior solutions provider.

Year of establishment: 2012

Sales revenue in 2023: 18.5 mil Euro

Average number of employees in 2023: 163

Brains behind the company: Laurynas Skukauskas (Co-founder and CEO) and Maxim Duskof, Head of Design

Nature of market leadership

The Jump Seat Duo²⁰, developed by J&C Aero's R&D team, is a product that sets a new benchmark for in-flight accessibility, supporting both the comfort of passengers with reduced mobility (PRM) passengers and airlines' operational efficiency. Its integration into standard cabin equipment helps optimise space, streamline operations, and remove barriers to accessibility. There are no global competitors for this innovative product yet.

The aviation industry has long been by intense competition and has historically been dominated by large multinational corporations. However, the sector is undergoing a period of consolidation among major market players, creating opportunities for more flexible and agile services offered by small and medium enterprises (SMEs).

Over the years, shifts in the supply chain have become increasingly evident, with key players like Airbus and Boeing facing persistent challenges, particularly in the aftermath of the COVID-19 pandemic. These disruptions have impacted manufacturing and supply chain processes, creating an opportunity for SMEs to leverage their agility and adaptability. For example, while customers may order aircraft from a major manufacturer, they might seek aircraft interiors from specialised companies like J&C Aero, which can deliver tailored solutions more efficiently. J&C Aero has emerged as a leading player in the evolving aviation industry, ranking among the top five aircraft interior companies in the EU and establishing itself as the market leader in the CEE region. The company offers a broad range of services, including aircraft interior design and CAMO engineering, manufacturing, maintenance, special projects, and research and development. Its primary strength lies in certified engineering activities, particularly the modification and repair of aircraft engineering systems. These services are highly specialised and customised, requiring the expertise of the Head of Design, who holds the necessary

²⁰ <https://jcaero.com/we-care/jump-seat-duo/>

certifications and competencies to develop engineering solutions and accompanying documentation. This core capability sets J&C Aero apart, solidifying its market leadership. Operating in a highly regulated industry, J&C Aero has demonstrated a strong commitment to compliance with rigorous aviation standards. The company has achieved significant milestones in certification, including:

EASA Part 21J Design Organisation Approval (DOA) in 2014-2015

EASA Part 21G Production Organisation Approval (POA) in 2016-2017

EASA Part 145 Certification in 2021

These certifications have enabled J&C Aero to expand its service offerings and achieve sustainable growth. By 2023, the company had scaled its capacity to handle over 3,500 projects annually, established a representative office in Ireland, and, in 2024, inaugurated a 3,600 sqm state-of-the-art facility near Vilnius Airport. This facility consolidates all services under one roof, further enhancing operational efficiency and reinforcing the company's market position.

Nature of competitive advantage

J&C Aero began its journey by identifying an untapped market niche in aircraft interior design and repair services, emphasising flexibility and a customer-centric approach. Recognising the global nature of the aviation industry, the company adopted an international operational scope from its inception, without limitations from the size of the local market. The founders quickly realised the value of prioritising customer needs, which became a cornerstone of their business strategy.

The company's competitive edge lies in its vision: to enhance the capabilities of the aviation industry through expertise, dedication, and unwavering professionalism, contributing to its sustained growth and success. Regardless of a project's profitability, J&C Aero consistently upholds a commitment to excellence, delivering high-quality results and honouring its commitments.

A unique aspect of the company's operations is its focus on the leasing companies that own most aircraft. For these clients, the preparation of documentation, meticulously aligned with aviation safety regulations, is as critical as the technical services provided. Precision and compliance in documentation are integral to the company's service offering.

Today, J&C Aero's competitive advantage is firmly rooted in the expertise of its certified employees, a track record of successfully executed projects, and the leadership of its Head of Design. This core team member brings extensive experience, a high degree of responsibility, and certifications from aviation authorities, ensuring the company continues to excel in a highly regulated and demanding industry.

Core lessons learned on the path of success

1. *The power of teamwork.* Effective teamwork is essential for success in business and manufacturing. Managers emphasised that a well-prepared team can tackle challenges more efficiently through collaboration. By understanding and leveraging each team member's strengths, the team achieves its goals more effectively and provides innovative solutions. The combination of diverse cultural perspectives, technical skills and expertise, and a shared commitment to excellence enables the team to consistently produce high-quality results while fostering a culture of continuous improvement, innovation, and agility. Moreover, when a team is united, each member experiences accelerated learning, acquiring new skills and growing more effectively in their roles. By fostering a strong sense of unity, team members can achieve greater success and overcome obstacles together.

2. Diversity and inclusion matters. Diversity is a powerful asset in any team. J&C Aero's team is strengthened by a mix of nationalities and cultural backgrounds, bringing unique perspectives that foster innovative problem-solving. This diversity, combined with expertise, enables a deeper understanding of the global aviation industry. A culture of knowledge-sharing, constructive communication, and mutual respect helps drive success and continuous improvement.

This inclusive and collaborative approach drives innovation and plays a crucial role in maintaining the company's competitive edge, particularly in the aviation industry.

Regulatory environment development needs

Workforce shortage

In recent years, the company has experienced rapid growth; however, it now faces challenges due to a shortage of skilled workforce rather than a lack of client orders. This issue is prevalent across the entire engineering sector at a national level, compounded by Lithuania's geographical location, which does not provide any particular advantage in attracting skilled professionals.

To address this, the company has tried to recruit talent globally, including attempts to employ specialists from Sri Lanka and other regions. Despite these efforts, Lithuania's limited pool of engineers remains a challenge. While the company has developed some of its skilled employees through internal training programs and partnerships with technical universities, this approach alone is insufficient to meet the growing demand.

Further complicating the situation is Lithuania's national migration legislation, which does not adequately support the recruitment of foreign professionals in the aviation sector. Current exemptions are better suited to industries like IT or logistics, leaving aviation companies disadvantaged.

The company has taken a strategic step to overcome these hurdles by establishing a business unit in Ireland. Ireland's long-standing traditions in aviation, along with a larger pool of skilled professionals and more favourable conditions for international employment, including the ability to relocate employees with their families, make it a more viable location for workforce expansion. This move ensures the company can maintain its growth trajectory while accessing the necessary talent to support its operations.

J&C Aero Hidden champion

The company's CEO has always wanted to establish his own business, driven by a desire to push boundaries and challenge his ambitions. A natural salesperson, he quickly recognised that sales expertise alone would not suffice; industry-specific engineering competencies were essential for the successful development of a startup in the aviation sector. Understanding the power of complementary skills, he joined forces with an experienced engineering professional, forming a partnership that combined the core competencies critical for success in this specialised industry.

The company's primary competitive advantage lies in its ability to transcend boundaries and deliver professional services, flexibility, and a customer-centric approach. Each client is treated with responsibility, care, and attention, ensuring a unique and tailored experience that sets the company apart in the market.

Innovation has been a cornerstone of the company's growth. Recognising its transformative potential, they established an R&D department to develop cutting-edge products that address industry needs and align with social sustainability trends. Among their recent breakthroughs is

the Jump Seat Duo—a convertible jump seat and wheelchair designed for Passengers with Reduced Mobility (PRM). This innovative solution addresses accessibility challenges in aviation, combining advanced design with practical functionality. The Jump Seat Duo integrates seamlessly into standard cabin equipment, optimising space, enhancing operational efficiency, and removing barriers to in-flight accessibility. Offering a dual-purpose solution sets a new benchmark for PRM comfort and inclusivity while also supporting the operational needs of airlines. This pioneering product has already been showcased at leading industry exhibitions in collaboration with their partner, Airbus.

Social sustainability is a core value for the company, which strives to build an inclusive community and develop solutions that address the needs of individuals with limited mobility. Their commitment extends to creating opportunities for professionals with disabilities, ensuring that mobility challenges do not hinder career prospects. This dedication is reflected in their innovative solutions, developed through close collaboration between industry experts and academic professionals. By merging innovation, inclusivity, and functionality, the company demonstrates its unwavering commitment to enhancing accessibility and fostering a more equitable aviation industry.

What specific lessons does J&C Aero teach us?

J&C Aero's management emphasises that the skills and competencies of their employees are the company's greatest competitive advantage. Given the highly specialised nature of the business, they prioritise the development of talent from within the organisation. The managers believe that the company's most valuable asset is its loyal and skilled workforce, not its physical infrastructure—such as buildings, machinery, or office spaces.

To retain and nurture this key asset, the company focuses on creating a positive work environment that aligns with shared values and fosters a sense of belonging. They prioritise continuous professional development for their employees, ensuring that skill enhancement is matched with appropriate monetary rewards. The workplace reflects this commitment to employee well-being, featuring modern, thoughtfully designed spaces filled with flowers and art to enhance the overall work atmosphere.

J&C Aero's leaders also emphasize the importance of morality in business. CEO Laurynas Skukauskas places integrity, empathy, and social responsibility at the heart of the company's values. As he puts it, "Morality is fundamental; it should be the foundation for building businesses—not just profit."

The company honestly seeks to support underprivileged individuals, especially those with mobility challenges who haven't yet been able to enjoy the freedom of travel. J&C Aero is working to create innovative solutions that ensure equal access to air travel for everyone, including people with disabilities, fostering a more inclusive aviation industry.

In addition to these efforts, the company actively supports disadvantaged communities in Lithuania. By combining innovation with social responsibility, J&C Aero aims to make a positive and lasting impact within aviation and the broader community.

However, recently, J&C Aero has met two disruptive crises. Covid-19 has been extremely difficult for the aviation industry, and during the Covid lockdown, the turnover of J&C Aero dropped by 97%. Thus, it required a quick reaction and bold decisions. However, thanks to innovative solutions and customer segment diversification, the company immediately reviewed their activities and focused on cargo transportation instead of passenger aviation. They were able to offer an innovative and newly developed and certified product - cargo containers for widebody passenger cabins, which allow to change the seats with containers and vice versa -

another innovative and globally unique product to meet the high demand for vaccine transportation. Thus, the innovations and diversification of activities allowed them not only to survive that challenging period but also to become even stronger and more competitive in the market, meeting the demands of new customers and entering new markets worldwide such as India, Chile, Africa and others.

The war in Ukraine caused a shortage and price increase of precious metals and raw materials. Still, the impact on J&C Aero business has been minimal due to relatively low quantities compared with big players in the industry. Although they have seen price rises and longer supply timelines, these issues have not posed significant challenges. They have increased warehouse capacity and made strategic investments to address the situation. The company's organic growth has enabled it to expand smoothly without the need for external investments.

The company had a chance to participate in the notably ambitious project of modifying and refurbishing the cabin of Ukraine's presidential Airbus A319 Corporate Jet (Orban, 2023). Given the aircraft's designation as the Presidential Airbus A319, this distinctive project necessitated careful attention to detail, adaptable problem-solving, and a dedication to confidentiality. The modifications involved incorporating a new In-Flight Entertainment system and enhancements to the Cabin Management System, which received EASA certification. J&C Aero also played a critical role in installing a KA-BAND Satcom navigation system. Furthermore, J&C Aero thoroughly refurbished the aircraft's interior, including fabric coverings, executive seating, veneers, carpets, laminates, and additional cabin components. These elements were manufactured in-house by J&C Aero, with installation and maintenance managed by Magnetic MRO at Tallinn Airport. CEO Laurynas Skukauskas highlighted the deep engagement and commitment of the J&C Aero team in ensuring the success of this important project.

Moldova

2.1 Noction

Overview

Address: Lev Tolstoi 63, Chisinau - Moldova

Tel: +373 600 65 333

Email: sales@noction.com

Web: <https://www.noction.com/>

Company Information

Industry: Information and communication

Year of Establishment: 2011

Sales Revenues in 2017: Confidential

Sales Revenues in 2022: Confidential

Average number of employees in 2022: 75

Brainer(s) behind the company: CEO John Strong, director Victor Bordian

Nature of Market Leadership

Noction provides cutting edge network intelligence technologies, enabling organizations of all sizes to take full advantage of maximum network performance for their business-critical applications such as e-commerce, VoIP and media streaming across IP networks.

Noction has developed an intelligent Internet routing platform to significantly improve network performance, thus meeting the most complex needs of its customers. The core product has kept its market position as one of the most cost-effective solutions in the global market for the last

4 years.

Noction currently offers a competitive price in the market, as the development cost is much cheaper than that of their competitors, who are located in the USA and have enormous expenses, compared to Noction.

The company representative indicated that it is difficult to say whether Noction's product is still the leader from 2018 to the present, because the software market is constantly developing new and complex products to meet the needs and expectations of the market. According to the company's internal estimates, Noction and its competitors combined currently cover less than 15% of the market's potential which according to them, is expected to grow by 15-20% annually. Also, there are specific aspects of Noction's product and their competitors' products that are different – some of the competitors' products rely on gathering information from their large network, while Noction's product has a more advanced algorithm for monitoring and troubleshooting a Border Gateway Protocol network. Moreover, Noction is continuously working on the development of a much better performing algorithm and software than other similar products on the world market. The representative mentioned their customers test multiple products and say Noction is the leader for that product.

Nature of the Competitive Advantage

The representative indicated that it is difficult to talk about leadership positions when discussing a niche product but said that Noction's product is one of the most advanced in the BGP network performance optimization market. Noction believes they became the market leader as soon as the product was offered because it was better than anything else on the market at the time.

Noction's field of activity is a niche that is difficult for competitors to break into. The cost and time needed for obtaining patented technology is another barrier for penetrating the field.

One of the competitive advantages, according to a spokesperson, is that the company only hires highly skilled professionals to produce products that meet market demands.

The company also launched Noction Flow Analyzer (NFA) - a new network traffic analysis product designed to excel in a competitive market. NFA stands out with its top-notch performance and cutting-edge real-time analysis capability. Unlike other products that may offer delayed or limited insights, NFA uses advanced algorithms and databases to instantly analyze network flows, identifying patterns and anomalies on the fly.

Another key feature of NFA is its intuitive user interface (UI) and user experience (UX), which require minimal learning time. Customizable reports and visualizations provide actionable intelligence in a user-friendly format, making it easy to make proactive decisions and manage resources efficiently.

NFA is compatible with all major network devices and protocols, ensuring easy deployment in diverse network environments. Its scalability means it can accommodate networks of all sizes, from small companies to large-scale service providers. With an optimal capabilities-to-price ratio, NFA offers exceptional value, making advanced network analysis accessible to most businesses.

Core Lessons Learned on the Path to Success

- The most important lesson is that you have no time to waste.
- It is important to work hard on new developments. The company has a development plan for 5 years ahead. This constant pressure is updated in real time based on market demand.

- Keeping an eye on the market and requesting feedback from customers is key. The company requests feedback from the customers about the functionality of the product, knowledge that they later use for product design. Accordingly, the company enters the market with a product based on needs and not according to the company's own interpretation and analysis. The company is always at the customer's disposal for their complaints.
- An interesting lesson was to realize the impact of the company's product on the world. The company was forced to rethink its security protocols as a result of a client's use of their software, which, following manipulations on internet networks, crashed Cloudflare (the platform where half of the world's websites are kept and on that day half of the world's websites went down).

Management and leadership development needs

The company faces challenges with the IT talent pool due to intense competition from other companies and investors opening branches in Moldova, which has led to a fierce battle for candidates, sometimes resulting in excessive efforts to attract talent.

Financing and regulatory environment development needs

The representative indicated that one of the primary challenges is navigating the international landscape and associated legal factors. Given the company's extensive market presence across multiple jurisdictions, customers often incorporate jurisdiction-specific clauses into their contracts.

Additionally, the company is required to conduct thorough legal research to ensure compliance with diverse regulatory requirements. This necessitates incurring additional costs for legal consultation and advisory services.

Noction: Behind the Bytes

Founded in 2011, Noction emerged as a notable player in its industry, carving its niche in the network intelligence technologies. The company's flagship product – an intelligent Internet routing platform, has become integral for businesses, enabling them to maximize the potential of their critical applications across various sectors including e-commerce, VoIP, and media streaming. In a competitive market, Noction has learned to make proactive adjustments informed by real customer feedback rather than speculative assumptions.

Amidst the ever-evolving regulatory landscape and international complexities, Noction navigated with poise, leveraging legal expertise to ensure compliance across jurisdictions.

Noction managed to overcome also the challenges posed by the COVID-19 pandemic through swift adaptation to the changes imposed by the global context. Not only did the company not suffer business-wise throughout the pandemic, but its online presence also increased, and interest in their services amplified.

Another significant crisis, the war in Ukraine, has impacted the company's day-to-day business operations. In 2022, the company faced considerable challenges related to ensuring energy supply to its offices and securing the safety of its employees. Due to international sanctions, the company had to curtail its transactions with Russia, resulting in missed opportunities in that market.

As Noction's footprint expanded, so did their aspirations - beyond their core offerings, they ventured into new frontiers, unveiling a network analysis product poised to redefine optimization standards. Fueled by a team of skilled professionals, Noction's journey is not just about innovation, but also about empowerment — capacitating businesses to transcend

limitations, allowing industries to redefine benchmarks, and ultimately, empowering the digital ecosystem to thrive.

2 Santino-Service

Overview

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Tel: +373 22 548 986; +373 78330027

Email: info@santino.md; santino.quality.chief@gmail.com;

Web: <https://santinoshop.md/>

Company Information

Industry: Plastic products manufacturing and trade

Year of Establishment : 2003

Sales Revenues in 2017: Undisclosed

Sales Revenues in 2022: Undisclosed

Average number of employees in 2022: Undisclosed

Brainer(s) behind the company: Founders Vladimir Imbirovski, Serghei Odobescu

Nature of Market Leadership

Santino is the Moldovan market leader in the production and sale of household plastic (polypropylene) products. According to the company's calculations and sales statistics, approximately 80% of the entire Moldovan market belongs to Santino. The company is also expanding its international presence, the biggest market being Romania, where they cover 20% of the market. Santino also exports their products to Ukraine, which has a high demand, as well as to the European market and the US.

Nature of the Competitive Advantage

Santino's competitive advantage comes from two main factors: the company operates in a niche market with a clear unmet need and the company always brings innovation to the market. Santino's core team noticed that there was an unrealized gap in the product offering in the market: there was no middle segment between low-cost and premium products. Using industrial design expertise, innovative and forward-thinking solutions, as well as strong intellectual property protection, Santino has created a successful middle segment.

In addition to continuously improving its product, Santino streamlines and improves production quality, thereby increasing production volume and establishing a reputable brand name.

The company constantly focuses on identifying the causes of problems, as well as those causes that affect their occurrence. The company strives to improve the quality and efficiency of its production, conducts new research and experiments with new components and raw materials.

Santino has become a monopolist on the market in Moldova. The strengths of the company are many years of experience, innovative solutions, patents for their products and intellectual innovations, and a thorough analysis of their actions and market research. In the present, the company is focused on automating the manufacturing process.

Core Lessons Learned on the Path to Success

- The main lesson is that a company should not skimp on its staff, but rather invest in them and compensate accordingly. Leadership training for staff is very important.

- Automation of the production process is necessary in order to become more competitive and diversify the product.
- Tracking the competition is another key lesson. The biggest players in the field, although less flexible and more conservative, can predict market trends at early stages.

Management and leadership development needs

Santino has realized the significance of talent retention and the cost associated with losing key employees. Therefore, the company needs to further develop skills in talent management, including strategies for employee retention, succession planning, and creating a positive work environment that fosters employee growth and development.

Financing and regulatory environment development needs

There is a significant lack of support from the Government in promoting and strengthening promising businesses. Moldovan companies are not as exposed as they should be due to the lack of resources to promote themselves internationally, and the Government fails to help with the exposure. Another need relates to access to capital and financial resources, which is a significant unmet need in Moldova due to the overall perceived unattractiveness and riskiness of the country. Some financial instruments are simply unavailable in Moldova, limiting the growth potential of promising domestic enterprises. To solve the problem, Santino opened subsidiaries in other countries and had access to their capital resources. Although market conditions have not been particularly favorable over the past 3 years, Santino has managed to pull through and plans to get back on track with their goals by 2024.

Santino: Crafting Convenience

Founded in 2003, Santino has emerged as the undisputed national market leader, having an 80% share of the Moldovan household plastic market, shaping the narrative of success in its industry.

Santino's journey is defined by a deep understanding of unmet market needs and a commitment to innovation. Recognizing a void between low-cost and premium products, the company seized the opportunity to introduce a middle segment, blending industrial design expertise with forward-thinking solutions. This strategic positioning, coupled with robust intellectual property protection, helped Santino to establish a strong presence not just within Moldova but in Romania.

Amidst the lessons learned on the path to success, Santino emphasizes the value of investing in its workforce, recognizing that trained employees are the cornerstone of sustainable growth. Automation is another key element that drives competitiveness and diversification.

However, amidst triumphs lie challenges. Despite its rise, Santino grapples with a lack of government support, hindering its potential for international exposure and growth. Access to capital remains a pressing concern, exacerbated by Moldova's perceived riskiness in the global financial landscape.

The company faced significant logistical challenges during the COVID-19 pandemic, particularly regarding supply chain disruptions. However, the company swiftly identified opportunities in the market and adapted their production to meet the increased demand for medical products. This proactive approach not only allowed Santino to maintain a competitive edge but also capitalized on emerging trends in the industry. Another key component of the company's plan was their personnel management strategies and implementation of new standards and protocols to ensure the well-being of their workforce during the uncertain times of the

pandemic. Santino's focus on nurturing a supportive team culture further contributed to the resilience of the organization.

Furthermore, the war in Ukraine disrupted supply chains and heightened market volatility, leading to challenges in forecasting and pricing. Santino had to navigate through these uncertainties by implementing flexible strategies and closely monitoring market trends.

Mongolia

1. URECA LLC

Overview

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Tel: (+976) 7716-0303

Fax: (976) 7716-0303

Email: Contact@ureca.com

Web: www.URECA.mn

Company information

Industry: Environmental Services

Year of Establishment: 2022

Sales Revenues in 2023: Operating with investment income

Average Number of Employees in 2023: 50

Leadership: Managed by a management team or 3 founders and directors

Nature of market leadership

URECA is a climate tech start-up pioneering the use of artificial intelligence to simplify greenhouse gas reduction measurement and verification. It is currently executing the groundbreaking "Coal to Solar" project in Ulaanbaatar, enabling families in traditional Mongolian homes to shift from coal to renewable energy for heating. This initiative not only reduces emissions but also generates additional income for households. Ureca trades carbon credits²¹ globally, uniquely positioned without direct competitors in its field, offering targeted solutions to combat climate change. The company innovatively addresses global challenges and leveraging technological solutions for profit.

The management team, characterized by diverse personalities and perspectives, excels in risk assessment and opportunity identification through collaborative efforts. Their strategy includes recruiting seasoned industry professionals, pivotal in opening new global markets.

Nature of competitive advantage

Few companies globally are actively combatting climate change. URECA stands apart with its unique initiatives, operating independently in the global market and pioneering new markets. Unlike similar companies, Ureca focuses on groundbreaking projects like the "Coal to Solar" initiative, facilitating household-level transitions to renewable energy. While technologies exist for calculating greenhouse gas absorption in rainforests, using AI drones and satellite imagery to protect the Amazon, these methods aren't universally applicable—for instance, they may not be suitable for regions like Central Asia.

Core lessons learned on the path to success

1. As the company expands its activities, it aims to systematize operations and enhance work organization.
2. The company is committed to fostering innovation
3. Maintaining high ambitions at all times.

²¹ It is a monetary equivalent of one ton of greenhouse gas emissions.

4. Always study and use your resources, no matter how small.

Management and leadership development needs

There is an urgent need to elevate the company's operations to the next level, emphasizing rapid and robust expansion and development. This growth phase requires continuous improvement, activation of the team, and effective leadership. Additionally, expanding operations into international markets necessitates cultural and environmental understanding. Moreover, enhancing corporate governance, management practices, teamwork, and risk management through international ISO certification is crucial. Lastly, there is a significant imperative to raise awareness of the company's initiatives among large organizations and decision-makers.

Financing and regulatory environment development needs

In the future, the company aims to secure investments for establishing subsidiaries in countries like Kyrgyzstan, Kazakhstan, and Australia. Mongolia currently lacks a conducive legal environment for startup businesses. While new technologies and ventures are emerging rapidly, there is insufficient momentum and collaborative effort to regulate them effectively. Current tax laws are particularly challenging for new companies, lacking flexible arrangements. Viewing these issues from the perspective of developing countries presents a flawed approach for international financial institutions, given the distinct contexts and challenges they face.

“URECA for the story about the Potential Hidden Champion”

URECA operates on the premise that countries' development challenges can be addressed while combating climate change through the use of "Carbon Credits"²², a global mechanism aligned with the Paris Agreement. Globally, countries have committed to reducing greenhouse gas emissions by 2030 to limit temperature rise to 1.5 degrees Celsius, necessitating a reduction of approximately 27 million tons of greenhouse gases.

The company offers consulting services to organizations to calculate greenhouse gas emissions, analyze environmental data, and develop targeted reduction strategies. Ureca's flagship "Coal to Solar" project aims to facilitate a complete energy transition for ger²³ district households in Ulaanbaatar²⁴, particularly Mongolian homes²⁵.

The "Coal to Solar" project by our company aims to facilitate a complete energy transition for households in ger district areas of Ulaanbaatar, with a particular focus on Mongolian yurt. The company has introduced a solution to minimize heat loss in yurt by installing solar systems outside and battery systems inside, enabling cost-effective electric heating as an alternative to coal. We've developed and patented a smart meter that monitors energy sources, distinguishing between coal and solar energy usage. The company has invented and patented a smart meter that monitors whether a household is using coal or solar energy. By tracking temperature and humidity, the system collects heat data to ensure the household is not making a fire. Each household's transition prevents approximately 15 tons of greenhouse gases from entering the atmosphere. If a household prevents the release of about 15 tons of greenhouse gases, it earns 15 carbon credits, with each credit representing the avoidance of one ton of greenhouse gas emissions. These carbon credits are verified through artificial intelligence and authentication systems and are then purchased by companies. Approximately 60% of the world's largest publicly traded companies have made commitments to reduce greenhouse gas emissions as part of their operations. However, even if a company with 100,000 employees reduces its emissions, a certain

²² A carbon credit represents the monetary equivalent of one ton of greenhouse gas emissions.

²³ Yurt

²⁴ Ulaanbaatar is the coldest capital city in the world and one of the most polluted. As a result, various diseases are spreading, adversely affecting people's health. Additionally, about 70 percent of the city's total population (1.7 million) lives in ger district.

²⁵ The majority of these residents have low incomes and typically come from rural areas. They often migrate to the city after losing their livestock to natural disasters such as droughts.

percentage of 30-40% may remain. To offset these remaining emissions, companies can buy carbon credits through the Voluntary Carbon Market, which facilitates the trade of such credits equivalent to thousands of tons of reduced emissions.

The Coal to Solar project is currently in its pilot phase. If it reaches 50% of the 90,000 households, it will significantly reduce smoke-related problems. This initiative also helps achieve 7 out of the 17 Sustainable Development Goals (SDGs). This means that even though one carbon credit corresponds to the reduction of one ton of greenhouse gases, there is a difference between carbon credits from renewable energy sources like wind farms and those from the energy transition of households in Ulaanbaatar.

The Coal to Solar project supports the implementation of numerous Sustainable Development Goals (SDGs). For instance, the living standards of families in Mongolia's ger district are being improved through the revenue generated from carbon credit sales. The company's IoT sensors collect data, which is then verified by artificial intelligence and securely recorded on the blockchain, ensuring data integrity. This approach enables the company to address various issues, such as reducing emissions in Ulaanbaatar and providing additional income to citizens. Additionally, it allows major global companies to meet their commitments to reducing coal power emissions without impacting their profits or normal operations. In November 2022, the company raised its first investment of \$1.5 million.

2. MONOS COSMETICS LLC

Overview

Address: Sambuu street, Chingeltei District, Ulaanbaatar city, Ulaanbaatar 15172, MN

Tel: +976 77373737

Fax: (976-11) 315908, 314532

Email: Cosmetics@monos.mn

Web: www.Monosc cosmetics.mn

Company information

Industry: Beauty Industry

Year of Establishment: 1990

Sales Revenues in 2014: \$529,000 (at current exchange rates)

Sales Revenues in 2023: \$4.7 million

Average Number of Employees in 2023: 150

Key Individuals: Chairman and CEO

Nature of market leadership

Monos Cosmetics is one of the few mass production companies in Mongolia and is a leading cosmetics manufacturer that owns about 60% of the domestic production market. The company's products are always based on technological innovation. For example, they offer consumers the combination of organic, best ingredients and raw ingredients such as sheep's tail oil and sea buckthorn, traditionally used by Mongolians, with modern beauty technology.

Nature of competitive advantage

Monos Cosmetics manufactures beauty products specifically designed for extreme climates. The sale of organic raw materials rich in biologically active substances, such as various vitamins, amino acids, and proteins, combined with modern technology, positions the company to become a leader in the Central Asian region. Currently, Monos Cosmetics exports to Kyrgyzstan and is recognized as a Potential Hidden Champion, with plans to expand its foreign trade to STAN countries in the future.

Core lessons learned on the path to success

1. In the case of a small market, concentrating on production is more important than diversifying product lines. Introducing many types of products and variations in packaging can

lead to financial problems. Therefore, it is crucial to carefully select the right product when developing or inventing new offerings.

2. Open and participatory management is an effective approach that positively impacts employee productivity. By involving employees in decision-making processes, the company can foster a more engaged and motivated workforce.

Management and leadership development needs

Consumer trust in the Mongolian beauty industry is insufficient because it is not well known to the public. Although Mongolian-produced beauty products are competitive with, and sometimes superior to, those of foreign factories, consumers need to be informed about their quality. Employees possess the necessary knowledge and skills to perform their responsibilities effectively. It is essential to identify their training needs and determine the necessary skills based on that assessment. Additionally, there should be a focus on improving interpersonal understanding, relationships, and attitudes. The new generation of graduates often faces responsibility issues, such as irregular attendance and poor communication regarding leave. Therefore, human resource management must work with the younger generation to train them and instill a sense of responsibility.

Financing and regulatory environment development needs

In Mongolia, the beauty industry is often treated as a sub-category and is not recognized as a separate industry. As a result, there is minimal government regulation or support for the beauty industry at the policy level. If the industry were given proper consideration and policy support, it could develop further. For instance, the government has exempted light industries from customs duties, but this exemption currently only applies to the garment and food sectors. Including the cosmetic industry in this exemption would provide significant support. Additionally, the government recently issued loans with a very low interest rate of 6% per annum through Food Industry. Similar support is needed for other industries, including the beauty industry.

“Monos Cosmetics LLC for the story about the Potential Hidden Champion”

In 2017, Monos Cosmetics Company reformed the Mongolian cosmetics industry and was certified by the AFNOR Group of France, one of the world's top five certification organizations, for implementing the ISO 9001-2015 quality management system. In 2020, the company also achieved the ISO 14001 environmental management system standard and continues to uphold these standards in its operations. In collaboration with researchers from the R&D team of a major university's beauty institute in South Korea, Monos Cosmetics introduced nanostructured sunscreen into production in 2017. In 2018, the company successfully exported its Biomon brand shampoo to China and Japan, marking the first such export from Mongolia.

Monos Cosmetics fosters a culture of open and democratic leadership, which significantly boosts employee productivity. Encouraging participation through organizational culture forms the basis for productive work and job satisfaction. Annual employee satisfaction surveys demonstrate that employees feel more comfortable and satisfied, especially when working in harmony with direct management. Consequently, the company focuses on measuring employee productivity and maintaining high satisfaction levels in its annual strategic plan.

From 2016 to 2022, Monos Cosmetics made several attempts to enter foreign markets, including China, but faced challenges such as lengthy registration processes. After studying Central Asian markets, the company identified Kyrgyzstan as a suitable target and, following product registration preparations in 2023, officially began exporting there in January 2024.

During the COVID-19 pandemic, demand for hand sanitizers skyrocketed. Although the company stocked up on packaging and raw materials due to the high demand, the pandemic's shorter-than-expected duration turned this into a short-term challenge. Nonetheless, in September 2021, Monos Cosmetics commissioned Mongolia's largest cosmetics factory, meeting international GMP (Good Manufacturing Practice) standards. As a result, production capacity increased fourfold, the workforce doubled, and

chard production output increased by three to four times.

3. LHAMOUR LLC

Overview

Address: Baga toiruu 13-1, 6 khoroo, Sukhbaatar district, Ulaanbaatar, Mongolia

Tel: +976 77120256

Fax: (976) 77120256

Email: info@lhamour.mn

Web: www.lhamour.mn

Company information

Industry: Beauty

Year of Establishment: 2014

Sales Revenues 2017: \$200,000

Sales Revenues 2023: \$500,000

Average Number of Employees (2023): 36

Key Person: Founder and CEO, Khulan D.

Nature of market leadership

"Lhamour" company started as a household production aimed at solving skin problems but has now become a brand used by young people in many countries. It is Mongolia's first organic and handmade cosmetics factory. The main advantage of "Lhamour" is its product quality. By combining unique raw materials, they produce organic products suitable for people with dry and sensitive skin. Notable ingredients include the internationally valued rosehip, sea buckthorn, pure yak milk, and pure goat's milk. Since 2016, Lhamour has been exporting its products to foreign markets. Before the COVID-19 pandemic, it exported to nine countries, including Australia, India, Japan, Thailand, Taiwan, Kuwait, the USA, and Singapore. After the pandemic, exports have decreased, continuing to the United States, Japan, and Taiwan. Although it's been a year since selling products on Amazon, Lhamour has not only established a company and opened a warehouse in the United States but also has warehouses in Asian countries.

Another priority from the very beginning was benefiting society through the company. Even 10 years ago, when profits were low, many community-focused activities were organized. In 2016, Japan's NHK World TV made a documentary about Mongolia's first beauty factory. Following that, Germany's Deutsche Welle and Singapore's Channel News Asia also reported on the company and studied its practices, which is a clear sign of its leadership.

Nature of competitive advantage

In recent years, the competitiveness of organic and handmade cosmetics in the global market has been rapidly improving. As the first company in Mongolia in this field, Lhamour has distinguished itself. However, in other Asian countries, organic production has also been carried out using their own unique raw materials.

Core lessons learned on the path to success

1. It's easier to progress to the next stage when you start your production with a vision. Since the company was able to standardize its products and operations from the beginning, it was able to export directly. In this sense, it became the first official Mongolian brand on Amazon.
2. There is always a way to overcome any problem. As the first organic product in Mongolia, the company adopted an attitude of overcoming challenges, even in the absence of a legal framework and standards. This involved working towards creating those standards and releasing products that had never been produced in Mongolia before.

Management and leadership development needs

By constantly learning and developing, the management team will demonstrate better leadership to other employees. In the future, we should promote our company and products in the foreign market.

Financing and regulatory environment development needs

In Mongolia, it is very difficult for a small or medium-sized company to become a large company. SMEs are not supported by the government, nor are they provided with opportunities to grow and develop. Livestock farmers, due to the nature of their production, often cannot submit tax returns, yet there is a lack of understanding and flexibility in this situation. There are no standards for imported goods, resulting in many people using unhygienic products that harm their health and beauty. Conversely, there is little protection and support for local producers. Limited discounts are offered, but they last for a very short period. Additionally, there is a need to streamline government processes and paperwork requirements, ensure exams are reviewed by professionals, and reduce bureaucracy.

Working internationally is also challenging due to political and policy instability. Rising inflation and the weakening exchange rate of the MNT exacerbate these issues, leading to significant problems, such as difficulties in securing financial investments.

“Lhamour LLC for the story about the Hidden Champion”

Organic cosmetic products are produced by hand using special raw materials grown in Mongolia, such as sea buckthorn, rosehip, nettle, sheep's tail oil, beeswax, goat's milk, and yak's milk. The organization also supports eco-friendly production and offers consumers a Zero Waste corner, in addition to using recycled paper and accepting back the packaging of finished products. This approach is not only cost-effective but also produces less waste.

In 2016, the company was selected as a "Responsible Small and Medium Enterprise" at the ACES-2016, or "Asia's Most Exemplary and Sustainably Developing Enterprise" award ceremony.

Another goal of the company is to positively influence the lifestyles and opinions of others through its products, spreading the philosophy of self-love, love for others, and love for the earth. For example, in 2017, Women in Business organized its first major event for 450 women. "Finding Your Passion" training was conducted to help teenagers discover their interests and choose the right career. The "Girls in STEM" initiative was organized to inspire girls in the fields of science, technology, engineering, and mathematics.

In 2018, we introduced a "Zero Waste" corner in our store, allowing customers to bring their own containers and fill them directly with products. By 2021, our initiative was recognized on the prestigious Asia 100 list of young startups by Forbes magazine, highlighting our growing impact and commitment to positive global change.

During the pandemic, our organization encountered significant challenges due to prolonged curfews in Mongolia, which disrupted our operations. However, this period also fostered a more dedicated and resilient attitude among our employees, leading to positive changes such as expanding our product offerings.

Since 2024, we have transitioned away from relying on official distributors and launched our own global website. Within just 14 days of this transition, we received orders from the USA, Sweden, Italy, France, Malaysia, Korea, Germany, and other countries, reflecting a successful start to our direct international sales approach.

Pandemic's Impact on “Hidden Champions” Business Approach

At the onset of the pandemic, the Mongolian government, like many others, implemented strict restrictions on citizens' activities, imposed a curfew that was extended 17 times, and shifted the public preparedness level five times. These measures led to the closure of many businesses. Hidden Champions in the business world faced significant challenges as well. For instance, curfews disrupted the supply chain, halting the withdrawal of raw materials, which in turn led to price increases, decreased sales, and other related issues.

For URICA LLC, the pandemic heightened global awareness of energy issues and environmental

pollution, making it easier for business partners and investors to understand and support our company's activities and goals.

The Covid-19 pandemic posed severe challenges for Lhamour LLC, threatening its operations and pushing it toward bankruptcy. However, the company managed to secure loans and navigate economic hardships. As a manufacturing business, its reliance on in-person work limited the feasibility of remote operations.

To mitigate financial difficulties, Lhamour introduced price discounts on previously undiscounted products and offered free shipping. Employees also played an active role in finding creative ways to boost sales, fostering a stronger team atmosphere and increasing their appreciation for the workplace. Market demands shifted during the pandemic, prompting the company to expand its product line to include hand sanitizers, sprays, and pocket soaps. Post-pandemic, consumer interest in health-conscious products grew, driving demand for organic and high-quality goods.

Monos faced significant supply chain challenges during Covid-19. Raw materials imported from China and Korea were delayed due to border closures, causing indefinite delivery disruptions that affected production not only in Mongolia but also in the U.S. Additionally, transportation costs surged by nearly 4-5 times, directly impacting product costs and profitability.

To address these challenges, Monos revised its procurement strategy, shifting from quarterly to annual raw material reservations. This proactive approach helped mitigate supply chain uncertainties. While the pandemic did not fundamentally alter the company's core business, it led to the adoption of flexible work arrangements, including remote meetings and adjusted schedules. These changes are believed to have positively impacted both employee productivity and overall organizational efficiency.

To navigate post-pandemic challenges, Hidden Champions have adopted several key strategies. First, we analyzed our cost structure and implemented cost-saving measures to mitigate the impact of price increases and maintain normal business operations. Discounts and incentives were also offered to retain customers. Second, new policies and strategies were introduced to retain employees, including the adoption of global standards for electronic work.

Effects of the Ukraine War on “Hidden Champions” Business Operations

Mongolia relies heavily on Russia for fuel, energy, consumer goods, and certain raw materials. Fuel shortages result in higher prices for fuel, which in turn drive up the cost of goods and services. In response to the ongoing conflict, the Mongolian government exempted the excise duty on AI-92, the most widely used diesel fuel, to mitigate the impact. Due to this swift government action, the war has not significantly disrupted the business activities of Mongolia's hidden champion, unlike the pandemic.

Montenegro

1. Marina Porto Montenegro (Part of Adriatic Marinas Ltd)

Overview

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Fax: +38232674656

Email: marinaoffice@portomontenegro.com

Web: www.portomontenegro.com

Company Information

Industry: Amusement and recreation activities (yacht homeport with berths)

Year of establishment: 2006

Sales revenue in 2017: 20.9 million euros (Adriatic Marinas Ltd)

Sales revenue in 2023: 42.9 million euros (Adriatic Marinas Ltd)

Number of employees in 2023: 480 in Adriatic Marinas Ltd

Brains behind the company: Founder Mr. Peter Munk (1927–2018); Current owner: Investment Corporation of Dubai (ICD) (2016–), CEO and project leader David Margason.

Nature of Market Leadership

Marina Porto Montenegro (part of Adriatic Marinas Ltd) still occupies the number-one position in the Adriatic Sea in the market segment of super-yacht and mega-yacht accommodation measured by market share. Despite facing numerous challenges, including the Covid-19 pandemic's negative impact on tourism, the repercussions of the war in Ukraine, and sanctions against Russia that impacted the operations of this company during the period between the two studies, Porto Montenegro, a homeport for the largest berths of up to 250 m, remains the only and leading marina with this kind of facility in the Adriatic Sea.

Nature of the Competitive Advantage

The competitive advantage of Marina Porto Montenegro is its well-selected and consistently implemented focus strategy (Porter 1998), focusing on a particular buyer group and serving them very well. Consequently, each functional policy is developed with this focus in mind. Since its establishment, PM has been focused on a significant yet underserved market segment of super and mega-yacht owners who are looking for a home port for their yachts in the Adriatic Sea. Marina Porto Montenegro identified this segment as a great opportunity and made a clear choice to focus on the needs of super-yacht and mega-yacht owners already in the process of project design and marina planning. By doing so, Adriatic Marinas built a new marina that is completely adapted and equipped to serve its narrow strategic target more effectively and efficiently than its competitors do. An additional advantage has been achieved by taking over the Shipyard in Bijela, near the marina, to expand its offer with services of maintenance, repair, and refurbishment of yachts to clients.

This good competitive strategy is additionally supported by the fact that, according to the Montenegrin legal framework, Marina's clients' yachts may remain in the waters of Montenegro without time constraints or import taxes. That gives Marina a significant competitive advantage over marinas in EU countries, Montenegro's key competitors.

Apart from that, the beauty of the environment, and characteristics of the Boka Bay as a natural marina providing both the serene sea with appropriate sea depth (which are uncommon to be seen together), gave additional competitive advantage to Marina Porto Montenegro. Another factor influencing the selection of this Marina was its proximity to the airport in Tivat, which significantly facilitates the easy arrival of guests.

This effective competitive strategy in the past (until 2024) had been additionally supported by the fact that, according to the Montenegrin legal framework, Marina's clients had the ability to use the benefits of low VAT (only 7%), which represented a significant competitive strength of Porto Montenegro. However, recent changes in the tax regulation, which increased VAT to 15% for Marinas' clients, as well as the volatility of excise taxes, which for a certain period of time eliminated the possibility for Marina's clients to provide fuel bunkering services tax-free, might jeopardize competitiveness of Porto Montenegro.

Relatively low crew prices compared to EU marinas give Marina another significant competitive advantage over other marinas in EU countries—Montenegro's key competitors.

At this moment, Marina Porto Montenegro is a hub with all necessary amenities (exclusive retail, office space, restaurants, hotels, international schools, first-class real estate, entertainment and culture, etc.). As a consequence, yachts stay in the Marina all over the year. It is worth mentioning that Porto Montenegro has received the first in the world Platinum Marina status. This accomplishment demonstrates their ability to establish and set industry standards. After that, only three other marinas in the world obtained this status (<https://www.portomontenegro.com/news-2/platinum-marina-montenegro/>).

Core Lessons Learned on the Path to Success

The company's first years of experience highlights the importance of the following factors in their path to success:

- A clear vision and strategy that led the company to success, which was supported by financial strength of the founders and investors due to the high investments that marina construction and the accompanying real estate business necessitate.
- Carefully selecting an underserved target market, and continuous adaptation of the offers to the demands of the selected target market.
- Good cooperation with the Government and public authorities, and in particular with the local community.
- Investing in human resources and employee satisfaction as these are prerequisites to the premium service that the clients of Porto Montenegro Marina expect, strengthened by strong leadership.

Management and Leadership Development Needs

When Marina Porto Montenegro started doing business in Montenegro, it faced a problem: insufficient management and leadership skills and a lack of expertise across most employees. This was a consequence of an outdated educational system. At that time, it was almost impossible to find companies in Montenegro that provided education services for managers, leaders, and other employees. Therefore, the company has decided to put in place an in-house training program in general skills, such as project management, time management, leadership effectiveness, and more. The company also identified a need for additional training for employees who are in direct contact with customers. For those employees, specific customer relationship management training has been provided. Additionally, for certain employees from the legal and accounting departments, the company covered the costs of certified training and courses organized by other institutions.

A significant gap still exists between the educational system and the real demands of the market in terms of employees' skills. Although the official statistics show significant numbers of unemployed people, the experience of Porto Montenegro management has been that it is difficult to find well-qualified and skilful workers. This HR management problem has been identified not only in top management positions, but at lower levels, such as carpenters, builders, and painters. Porto Montenegro has realized that blue-collar jobs, which have been neglected for a long time, also warrant attention. This phenomenon seems to be very pronounced in Montenegro. As a consequence, competition, which usually revolves around customers, is shifting more and more towards human resources, further impacting management's role. As a result, investing in human resources and employee satisfaction are the prerequisites of the premium service that the clients of Porto Montenegro Marina expect.

As a consequence of the mentioned activities of the company, Marina Porto Montenegro has developed a substantial base of equipped staff members. However, despite that, they are constantly investing in developing employees for a variety of specific industries. They have developed an HR strategy, which relies on ex-pats for knowledge transfer, while attracting, investing in their development, and retaining quality Montenegrin employees (80% of their employees are from Montenegro and 50% from the Boka Bay region). As a result, employees are showing a high level of satisfaction and loyalty.

Financing and Regulatory Environment Development Needs

Adriatic Marinas Ltd. has a good relationship with banks in Montenegro since they are willing to cooperate with the company due to its reputation and financial stability. However, the financial sector in Montenegro represents a challenge for the company because the market is relatively small, meaning that local banks are limited in lending capacity. This company has financing needs higher than the maximum amount local banks could provide, based on their capital constraints. Therefore, Adriatic Marinas Ltd. is working with their headquarters abroad, as well as with international financial institutions (IFC, EBRD, DEG) on syndicated financing. This issue could be improved if banks had a better understanding and were willing to cooperate and supply syndicated loans.

Moreover, partial financing of Porto Montenegro Marina's further development comes from ICD, as a shareholder dedicated to this unique project.

Porto Montenegro: From an Abandoned Military Boatyard to a Unique and Exquisite High-Class Marina

The Porto Montenegro project started with the clear idea and vision of Canadian entrepreneur Peter Munk, who made use of the exquisite natural environment and central Mediterranean location in the Bay of Kotor, one of the most beautiful bays of the Adriatic Sea. Long-term concession agreements on the former Yugoslav military boatyard in Tivat, in the Bay of Kotor, were made in 2006 with the Government of Montenegro. A unique marina with state-of-the-art facilities that could accommodate superyachts and megayachts, with a length of up to 250 m is built. With backing from some of the world's most respected business figures and institutions, the largest private-sector investment in Montenegro, the ex-military base was transformed into a beautiful marina. Today, Marina Porto Montenegro is a super attractive and financially advantageous destination and the only marina in the Adriatic Sea with berths that can accommodate superyachts and megayachts while satisfying the needs of this kind of high-income market segment. Since 2016, Porto Montenegro has been owned by the Investment Corporation of Dubai, which continues developing this project. The company invested in facilities for maintenance, repair, and ship-building in Bijela (a former state-owned shipyard close to Tivat), based on a signed concession agreement with the Government of Montenegro, which made their offer even more competitive.

In the case of Marina Porto Montenegro, the founder, innovator, and leader Mr. Peter Munk's crucial role can clearly be seen. The vision, passion for the project, great international recognition, positive reputation, and trust in the business world, as well as the financial strength and reputation of the company, its leaders, and its investors, were important prerequisites for the business's success, especially because of the huge investments that marina construction, business development, and the accompanying real estate business require.

A key factor of Marina Porto Montenegro's business's success is the exceptionally competitive strategy, which was based on a differential focus on a defined underserved market segment. Starting the marina project almost as a greenfield investment allowed the company to adapt its market offer—facilities and services—perfectly to the needs of the selected target market. The fact that the company both designed and constructed the Marina enabled the introduction of state-of-the-art technology compatible with the market segment's needs and the characteristics of contemporary superyachts and megayachts.

It is clear that leadership plays a crucial role and represents an important basis for the market success of Porto Montenegro. For that reason, it has been of extreme importance to maintain

continuity and consistency in leadership, even after changes in company ownership. New investments in Porto Montenegro—new hotels and buildings—and connected businesses—a shipyard—which occurred after the change in ownership structure, are proof that Porto Montenegro Project has sustained the same pace in development.

Furthermore, relationships of mutual trust and respect have been built between owners, managers, and employees, leading to the development of a positive organizational culture. Porto Montenegro has developed a specific task-based and customer-oriented organizational culture, which is different from most other companies in Montenegro. This company regards organizational culture as an important element of its success. Investments in the development of employee knowledge, skills, and growth, resulted in high levels of employee satisfaction and enthusiasm. This is especially important because business strategy was firstly defined by their focus on customer service, which involved the inclusion of complementary services. In doing so, the top management is mostly comprised of ex-pats with experience, while middle management is from Montenegro, whose career has been developed in Marina Porto Montenegro.

With such an approach, Marina Porto Montenegro has managed to develop a substantial base of equipped staff members.

The Focus of Marina Porto Montenegro's strategy is also aimed at sustainability and integrating the best ESG (Environmental, Social, and governance) practices into its operations. In this sense, the standards that are adhered to are significantly ahead of Montenegrin regulation.

Marina Porto Montenegro leaders have a good understanding and cooperation with the Government, public authorities, and the local community in particular. For the company and the local and public authorities, the benefits are mutual: increased public revenues, increased volume of exports, growth in the employment rate, development of supporting companies and suppliers, development of entrepreneurship, and growth of the real estate prices in the wider area of the Municipality of Tivat.

Porto Montenegro opened its doors in 2009. The changes that have occurred between 2008 and today clearly show the impact that Porto Montenegro has had on the development of tourism in the Municipality of Tivat and the Bay of Kotor. Namely, the number of foreign tourist arrivals in 2018 in Montenegro grew by 101.4% during that period (Monstat, 2019). As an illustration of the influence Porto Montenegro opening had on Tivat municipality, in the same period, the number of foreign tourist arrivals in the Municipality of Tivat grew by 278.1% (Monstat, 2019). This difference suggests that the number of tourist arrivals in Tivat grew 2.74 times faster than general tourism in Montenegro as a whole. Consequently, we found that the share of foreign tourists visiting Tivat rose from 3% in 2008 to 5.6% in 2018. In 2019, which was the last pre-pandemic year, an additional increase in the number of tourists occurred, and the share of foreign visitors to Tivat rose to 6.2% (Monstat, 2024). After a sharp drop in the number of foreign tourist arrivals during Covid-19 pandemic, there were signs of a significant recovery in the years 2022 and 2023, with an annual growth rate of 30,7% and 19,6%, respectively. In 2023, number of foreign tourist arrivals was near the pre-pandemic level achieved in 2019. The number of foreign tourists in Tivat follows a general post-pandemic trend to that in Montenegro.

Additionally, after the opening of Porto Montenegro, two more modern internationally competitive marinas—Porto Novi and Luštica Bay—were open in the Bay of Kotor, with more than 400 berths in total. These marinas will further increase the quality of tourist offers and the international positioning of Montenegro as an important yachting tourism destination.

Investments in new marinas were spurred by the example that Marina Porto Montenegro had set.

Although the period between the two studies was extremely challenging, especially because of the Covid-19 pandemic, as well as global issues caused by the war in Ukraine, Marina Porto Montenegro not only improved its financial indicators but also currently holds an even stronger position on the market, than in 2019. This was certainly influenced by the successful change of ownership and management that occurred just prior to the pandemic, which led to changes and improvements in business. The management of Marina Porto Montenegro is particularly satisfied with the success they have achieved by receiving the first in the world Platinum Marina status. Today, Marina Porto Montenegro is setting standards in the industry. At the same time, new markets for Porto Montenegro are open: the USA, Scandinavia, and countries from the region (Serbia mostly). Unlike other Marinas, such as those in Barcelona or Monaco, which adopt a conservative approach, Porto Montenegro provides extra services and amenities for yachts, yacht owners, and yacht crews, so offering clients greater value.

As already mentioned, the COVID-19 pandemic brought significant problems and challenges for businesses, especially in the tourism sector. During the first phase, business activities diminished in 2020 (mostly since the borders were closed). That also happened to Porto Montenegro in the year 2020. However, it seems that it brought positive consequences for this company in the long term. It turned out that one of the long-term effects of COVID-19 is reflected in the fact that rich and ultra-rich individuals are increasingly valuing their privacy. As a result, some luxury industries have shown a trend of growth. One of them is the boom in super and mega yacht construction, as well as a significant upsurge in demand for super yachts and mega yachts in shipyards and consequently for the marina berths. That had a very positive effect on Porto Montenegro. In addition, even though, due to sanctions against Russia as a result of its war with Ukraine, in 2022 Russian owners left the Mediterranean and this marina as well with their super and mega yachts, Porto Montenegro managed to avoid negative consequences with a quick reaction. Namely, by reorienting to other market segments, this part of the market that has been reduced is compensated by focusing on new markets, as well as by attracting owners of smaller yachts (in significantly larger numbers).

2. Domen Ltd.

Overview

Address: Vojvode Maša Đurovića, Lamela 3/1, Podgorica, Montenegro

Tel: +382 77 300 070

Fax: +382 77 300 079

Email: info@domain.me Web: www.domain.me

Company Information

Industry: Data processing, hosting and related activities (Internet domain registration)

Year of establishment: 2008

Sales revenue in 2017: 6.5 million euros

Sale revenue in 2023: 9.18 million euros

Number of employees in 2023: 8

Brain behind the company: CEO Predrag Lešić

Nature of Market Leadership

Domen Ltd. is the market leader in terms of total number of CCTLDs registered (1.28 million domains), in the region which consists of ex-Yugoslav countries plus Albania, Bulgaria, and

Greece. Domen is also number 1 in Europe, in terms of the numbers of CCTLDs registered outside their home country.

Nature of the Competitive Advantage

The main competitive advantages of Domen are:

- The attractiveness of the .me domain because of multiple meanings and limitless wording possibilities in multiple languages, allowing personalization (e.g., text.me, travel.me, pay.me, about.me, etc.). Today two main markets are domains that: “Call to action” (e.g.: love.me) or are “Personalized” (e.g.: namesurname.me)
- A competitive strategy based on differentiation through marketing and promoting domains directly to customers.
- The creation of a safe environment for customers who are developing their own businesses in the digital world, using domains and platforms provided by Domen.

Since new digital customers need a secure and trusted registry for their domains, the company has positioned itself as a reliable and trusted partner and has successfully created strong relationships with customers.

Core Lessons Learned on the Path to Success

The most important lessons that the company learned on the path to success can be summed up in four pillars:

- In the digital era, it is of extreme importance to identify and operationalize business ideas with a high market potential promptly. This process must also be based on a deep understanding of the needs, behavior, and expectations of potential customers. Domen believes that this is also true of companies that are not directly involved in the ICT sector.
- For the company, differentiation is the foundation of business success. Since the need for personalization is one of the most important characteristics of a new digital customer, opening the space for differentiation through personalization lies at the core of Domen’s business strategy.
- Domen has developed a positive organizational culture that emphasizes employee strengths, individual vitality, and growth. The organizational culture is task-oriented and is accompanied by a flat organizational structure. As a consequence, the employees show a high level of satisfaction and enthusiasm, which are important success factors.
- The company points out that another important lesson was learned in the period between the two studies. Namely, the Company has become more aggressive in targeting the market, and since 2020 an insufficient level of aggressiveness led to a drop in overall performance.

Management and Leadership Development Needs

Knowing that the nature of the market and the environment are changing very fast, Domen realized that it is very important to have up-to-date skills. Therefore, it provides intensive training opportunities for employees. The company asserts that it is necessary to invest continuously in the development of managerial and employee skills. Domen relies on numerous online courses to stay up-to-date because the necessary training is very hard to acquire locally. The company strongly believes that Montenegro’s educational system should emphasize preparing students for work in the digital economy era, with an emphasis on programming. Despite significant advancements in this area that have taken place in Montenegro in the meantime, due to the growing importance of digitalization in everyday life and business, there is still a great need for further improvement in this field. In this regard, they emphasize that

new employees are not equipped for digital marketing when entering the organization (education is lacking behind) and that there is a great demand for this type of skills in companies.

University students as well as employees in Montenegro still need more leadership courses dealing with developing, inspiring, guiding employees and teams, and effectively influencing stakeholders across an organization. In addition, the company indicates that the educational system should do more to stimulate group problem-solving orientation, as well as work and openness to unfamiliar things.

The CEO believes that his role should be to encourage risk-taking from their employees. Fear within young people should be recognized, for instance, fear of making a mistake. Nevertheless, not making decisions and taking risks is also an enormous mistake in the ever-changing business environment. According to him, informal communications within the organization and with the CEO is very important for their business success.

Financing and Regulatory Environment Development Needs

In terms of the regulatory environment, very soon the Montenegrin government will be obliged to implement some new EU regulations. The one that may have an impact on Domen is the General Data Protection Regulation on data protection and privacy for all individuals.

Domen: Limitless Opportunities Behind the Limitless Wording Possibilities

Understanding that "me" has multiple meanings and has mass appeal as a word in numerous languages, the Government of Montenegro embarked on generalizing the .me name space so that anyone could obtain a .me. As a result, in November of 2007, a formal public request for proposals was issued to find a registration agent who could provide a world-class registry platform, run operations for an international registry, and deliver marketing expertise to make .me a successful CCTLD worldwide. The contract was eventually awarded to Domen. Due to its deep inherent meaning in multiple languages (English, French, Spanish, Dutch, Italian, Portuguese, Bulgarian, and languages spoken in former Yugoslavia) and limitless wording possibilities, just 3 days after its official launch, .me recorded its 100,000th registration. Me has continued its success throughout the years with a continuous and stable rise in registrations and more and more big brands connecting to .me and its development program. Despite being a CCTLD, .me is very similar to generic TLDs in terms of policies, domain cycle, and search engine optimization benefits. Most importantly, according to the company's CMO, Google treats it like any other generic TLD.

Since the company sees differentiation as the foundation of business success, Domen started the business with a huge awareness-raising campaign. The company wanted to be seen and recognized by its customers as different. It is trying to satisfy the need for personalization, which is one of the most important characteristics of a new digital customer. An understanding of customer needs and opening of space for both company and individual personalization on the Internet lies at the core of Domen's business strategy.

Domen also differentiates itself by diverging from the usual marketing approach that the competition was using and by starting to market and promote domains directly to customers. That approach was the innovation that gave the company a special strength and a competitive advantage. Due to a lack of internationally competitive local marketing agencies, the company has mostly outsourced and acquired these services outside of Montenegro. However, it would be much easier for Domen to outsource its marketing to the domestic market, which highlights a potential business opportunity for the marketing industry in Montenegro.

The company has also created a safe environment for its customers who are developing their own businesses in the digital world on platforms provided by Domen Ltd. New digital customers need a secure and trusted registry for their domains, and Domen has positioned itself as a reliable and trusted partner, successfully creating strong relationships with customers.

Like many successful companies, Domen believes that the most important factor behind its success is the motivated employees. This company has developed a positive organizational culture that emphasizes employee strengths, individual vitality, and growth. The organizational culture is task-oriented and accompanied by a flat organizational structure. As a consequence, the employees are showing high levels of satisfaction and enthusiasm. This creates a great atmosphere in the company and reflects the leadership continuity.

Another important factor is that the company leaders have a great vision, a lot of knowledge of the market and marketing, and good intuition. They have used appropriate tools for targeting customers, creating brand awareness and image, and maintaining strong relations with customers and partners.

After the first HC research in Montenegro, as a result of the impact of the pandemic caused by the COVID-19 virus and the war in Ukraine, it turned out that the market has changed significantly. On one hand, the trend of digitalization has increased demand for CCTLDs generally. On the other, the demand for domains reflects overall market conditions. This is a consequence of the speculative part of the market – investors are purchasing domains in bulk aiming to sell some of them afterward with a premium. However, in times of crisis, they are rejecting some of the domains in their „portfolio” due to the high costs of holding them. But despite that, it didn't take long until there was a growth trend in the number of sold CCTLDs on an annual level, followed by a similar growth in annual income. This arose from the fact that the Company has become more aggressive in targeting the market because it turned out that previously an insufficient level of aggressiveness led to a drop in overall performance in 2020. Another leadership challenge during and after the pandemic was the inclusion of new employees in Domen when working remotely, which judging by the results, the company has successfully handled. In addition, the crisis period from 2020 has shown that the Domain's main strength lies in its organizational culture because if the organization is adaptable it can overcome obstacles ahead.

New trends in the market are positioning the domain as an extension of a specific industry/market niche. For instance, the .io extension is the prime location for the programming industry. Domen Ltd. aims to create a niche related to their domain and one of the possible extensions would be influencers when extending from social media to personal websites.

Nevertheless, the Company continues to take into account the consequences of the war in Ukraine, the energy crisis, inflation, dollar-euro ratio and aims to be ready to adapt to the new environment and market conditions.

However, the Company is mostly concerned about the decision of the Government of Montenegro to initiate the procedure of termination of the contract without negotiating the conditions for renewal it, which resulted in an ongoing legal process. The company hopes that this legal challenge will eventually be resolved to the satisfaction of both parties involved.

Morocco

1. Inadis

Overview

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Email: fathi.benhatira@inadis.ma
Web: <http://www.amlashpk.com>

Company information

Industry:	Lighting and electricity
Year of establishment:	2012
Sales revenues in 2021:	€ 12.2 MIO
Sales revenues in 2012:	€ 1.5 MIO
Average number employees in 2021:	80
Brain(s) behind the company:	The founder Fathi Benhatira

Nature of Market Leadership

Inadis or Inara Distribution is a Moroccan small and medium sized company specialized in the sale of lighting products. It is one of the leaders in the lighting market in Morocco. After a long experience, as an employee in the field of import/export of lighting fixtures, its founder decided in 2012 to embark on the adventure of entrepreneurship in partnership with two brothers Mohamed and Abdelouahed Filali Chahad, owners of the Bricoma Group specialized in DIY (Do it yourself) in Morocco. The lighting sector was flourishing at the time and the three young entrepreneurs seized the opportunity. The co-founder of the company Mr. Fathi estimates that the market share of Inadis is now 10% at the national level. Their products are exposed through two points of sales: Luxalight and Bricoma, and they have 10 franchises across Morocco and 3 stores in Casablanca. Yet, the company no longer markets its products only in Morocco; but in partnership with its German supplier Brilliant and its local partner Bricoma. Inadis has decided to enter the sub-Saharan market. This market represented, in 2022, 5% of its global turnover.

Nature of Competitive Advantage

Inadis sets itself apart from competitors by two criteria. The first criterion is the offer. Inadis offers a wide range of products and services at reasonable prices. The second criterion is a strong business network. The company has established long term partnerships with the best operators in its field. Brilliant, a supplier of quality German lighting products and Bricoma, a locally and internationally recognized distributor of DIY products.

Core lessons learned on the path to success

- Embrace the Philosophy: Your Success is Our Success. Ensuring customer satisfaction is synonymous with entrepreneurial satisfaction. Prioritizing the customer's advantage builds loyalty, ultimately securing the business's success. Taking complete responsibility for the offered product is essential in this regard.
- Motivate Employees with a Bonus Policy. Fostering employee motivation through a bonus policy plays a crucial role in the company's long-term viability. A motivated team actively engages in their work, leading to enhanced overall performance.
- Focus on Local Growth Before International Expansion. Instead of seeking international markets prematurely, focus on significant growth opportunities within your own country. Pursuing foreign growth prematurely can undermine the stability of the business; capturing local potential should be prioritized over global expansion.

Management and leadership development needs

Benhatira, highlights the crucial need for management and leadership development in his company. There is a clear gap between the skills provided by business schools and those required in the workplace. More specifically, graduates often lack the skills adapted to the job market, often limiting themselves to sales techniques without any real understanding of market needs. Benhatira insists on the importance of recruiting salespeople not only for their technical skills, but also for their intrinsic passion and ambition, stressing that sales success stems from a passion for the job, not simply the pursuit of immediate profit. Benhatira identifies sales staff as a department requiring further training, particularly when it comes to their interactions with customers in the front office, where specific interpersonal and behavioral skills are crucial. Finally, although his company prefers bank financing, he recognizes the importance of self-financing to ensure financial sustainability and long-term growth.

Financing and regulatory environment development needs

According to Benhatira, there is no need for any specific development in terms of financing nor regulatory environment. He firmly defends self-financing through results as the main driving force behind the growth and development of his company, Inadis. His commitment is reflected in his close collaboration with banking institutions, facilitating loans of several million dirhams, thus strengthening Inadis' ability to invest substantially in the expansion and optimization of its activities. This strategy significantly multiplied Inadis' initial capital. Benhatira emphasizes that this financing model, anchored in operational viability, not only ensures growth but also consolidates the company's financial stability, positioning it favorably in a competitive and dynamic economic environment.

Resilience and Strategic Adaptation Amid Global Crises : Covid 19 and the war in Ukraine

The company has demonstrated remarkable resilience and strategic adaptability in the face of two major global disruptions: the Covid-19 pandemic and the ongoing Russia-Ukraine conflict. During the Covid-19 crisis, the company experienced cash flow constraints due to the mandatory closure of its retail outlets for two months, despite receiving support from government financial assistance programs, specifically Oxygène and Relance. However, through prudent management, the company continued its import activities while many competitors suspended theirs, building substantial inventory. This decision, aligned with the non-perishable nature of lighting products, positioned the company advantageously when markets reopened, allowing it to respond swiftly to renewed demand. Consequently, the company recorded only a limited revenue decline of 6%, significantly outperforming the broader market, which faced declines of 20–30%, before rebounding with a 28% growth in 2021. Furthermore, the company proceeded with a strategic investment in a new facility worth 26 million dirhams during the pandemic, reflecting its confidence in long-term growth prospects, and maintained stable pricing despite rising transport costs, thereby retaining customer loyalty while expanding its market share.

Similarly, the Russia-Ukraine war has impacted the company indirectly, primarily through significant increases in raw material costs driven by global energy disruptions and supply chain constraints. Key materials such as glass, steel, and aluminum experienced sharp price hikes, with glass prices increasing by up to 60%. While the Covid-19 pandemic primarily affected the company through rising logistics costs, the Ukraine conflict disrupted gas supplies, further intensifying production cost pressures for the company's suppliers. In response, the company has reinforced its managerial philosophy of prioritizing the enterprise's long-term sustainability over short-term personal gains. This approach is evident in its compensation strategy, favoring

performance-based bonuses over fixed salary increases, thereby aligning employee incentives with the company's financial health while preserving operational flexibility in volatile environments. The company also employs a nuanced performance evaluation system across its ten Luxalight stores and franchise network in Morocco, assessing relative performance against broader market trends to maintain motivation and accountability.

Overall, the key lesson derived from both the Covid-19 pandemic and the Ukraine conflict is the necessity for business leaders to prioritize the reinforcement of their enterprise's foundation to ensure long-term viability. By maintaining a forward-looking, disciplined management approach, the company has preserved its resilience, captured market opportunities, and strengthened its position as a hidden champion within the lighting sector, even amid global crises.

Inadis: A discreet leader in lighting solutions

Inadis' success story is rooted in the entrepreneurial spirit of its founder, Fathi Benhatira, a former sales and export director at Ingelec, a Moroccan electrical equipment company. The inception of Inadis stems from a personal experience, where Benhatira, facing challenges in equipping his apartment, identified a gap in the market. In the late 1990s, the Casablanca market offered limited choices at exorbitant prices, prompting him to seek alternatives overseas. During a business trip to Italy, he discovered the vibrant world of lighting, inspiring him to bring a similar experience to Morocco. This led to the creation of his first venture, Promodel, which specialized in lighting and became the market leader for a decade. However, due to mismanagement, Promodel eventually failed. Undeterred by setbacks, Benhatira made a comeback by founding Inadis (short for Inara Distribution), a company exclusively dedicated to lighting.

What makes Inadis a hidden champion lies in its unique competitive advantages and effective strategies. The company excels in managing product life cycles, keeping its offerings dynamic and responsive to changing market trends by introducing 300 to 350 new products annually and thoughtfully retiring those at the end of their life cycle. Inadis strengthens its market presence by strategically combining the Luxalight and Bricoma networks and utilizing feedback and efficient delivery systems to meet customer demands effectively. Additionally, Inadis adopts a prudent approach to international expansion, maintaining a modest export rate of 5% to consolidate its dominance in Morocco before venturing abroad. The company's resilience and adaptability, especially during the Covid-19 pandemic, are evident through strategic investments in new premises and maintaining optimal stock levels to prepare for market resurgence. Furthermore, Inadis' financial management, characterized by close collaboration with banks and strategic reinvestment of profits, highlights its sound fiscal practices. This comprehensive approach underscores Inadis' position as a hidden champion in the Moroccan business landscape.

2. PlastikPack

Overview

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Email: contact@plastikpack.com
Web: <https://plastikpack.ma/>

Company information

Industry:	Plastics industry
Year of establishment:	2015
Sales revenues in 2021:	€ 11 MIO
Sales revenues in 2015:	€ 1.2 MIO
Average number employees in 2021:	60
Brain(s) behind the company:	Members of two families: LAKHMIRI and ARMANDO

Nature of Market Leadership

PlastikPack Morocco is a small and medium-sized enterprise founded in 2015, specializing in the manufacture of plastic packaging. It is part of the European Plastic Pack group, a leader in extrusion, blow molding, and injection. The group also has locations in France, Poland, Slovenia, Italy, Germany, and soon in Spain. PlastikPack Morocco operates on a Business-to-Business basis, serving large companies in the oil, chemical, and food industries, primarily manufacturing drums and crates. In Morocco, the founders estimate that they currently hold 30% of the market, with around ten percent in injection molding and twenty percent in blow molding. Recently, PlastikPack Maroc has been investing in renewable energy, planning to replace a significant portion of its energy consumption with greener alternatives. This initiative aims to reduce its carbon footprint by 1,253 tons of CO₂ per year, positioning the company as a sustainable player in the market.

Nature of Competitive Advantage

PlastikPack Maroc stands out in Morocco's plastic packaging industry thanks to its strong partnership with a leading French group known for advanced technology in blow molding and injection. This partnership enabled a crucial technology transfer that kickstarted PlastikPack's operations. The Moroccan founders' industry connections and family background in a similar B2B market were also key in building their customer base.

With the support of international institutions such as the European Bank for Reconstruction and Development, PlastikPack expanded its production capabilities to meet growing customer needs. Their competitive edge lies in producing lighter products, using faster and more energy-efficient machinery, and increasing storage capacity. These factors set PlastikPack apart from other Moroccan companies in the same sector.

Core lessons learned on the path to success

1. In niche markets like PlastikPack's, setting up subsidiaries abroad to serve foreign customers requires having local partners who can assist with administrative tasks, navigate regulatory requirements, and foster relationships with local stakeholders effectively.
2. Location is crucial in industrial sectors; it must offer affordable costs and access to nearby human resources.
3. Even if the company is family-owned, recruitment should prioritize meritocracy over familial connections.

Management and leadership development needs

PlastikPack originated from SC Pack, a European holding active in countries like France, Poland, and Germany, with plans to expand to Spain. It manufactures drums for oil and chemicals and crates for sectors like agri-food and beverages, serving clients such as Coca-Cola and Pepsi. The company grows internationally via subsidiaries—PlastikPack France, Germany, Morocco, and

soon Senegal—favoring local setups over exports due to logistical efficiency. Its consistent global strategy relies on the same French partner, with Senegal chosen for its cultural and geographic advantages to attract and support international clients. PlastikPack faces significant challenges, including informal business practices, financial stability concerns, and the need to meet growing demand for high-quality, technically sophisticated products in a capital-intensive industry. Situated in Sidi Bou Othmane, 40 km from Marrakech, the company benefits from lower land costs and ample space availability. Despite these advantages, CEO Saad underscores ongoing developmental needs, particularly in enhancing technical capabilities and attracting skilled human resources. Attracting qualified professionals to Sidi Bou Othmane remains an ongoing priority and challenge for the company.

Financing and regulatory environment development needs

In terms of financing and regulatory environment development needs, PlastikPack adopts a balanced financial strategy, leveraging a combination of bank loans and internal funds. CEO Lakhmiri Saad indicates that approximately 35% to 40% of investments are self-financed, underscoring the company's financial robustness and strategic foresight. Recently, the company also secured approval for a loan from the EBRD, which supports PlastikPack's expansion and the establishment of new industrial units, emphasizing a commitment to integrating eco-friendly practices through the use of recycled materials.

In light of these development projects, company leaders acknowledge strong governmental support. Local authorities, notably the Regional Investment Center (CRI) and the municipality, have demonstrated receptiveness and sensitivity toward the company's development initiatives, expressing a genuine willingness to provide support. This support is reflected in continuous encouragement, the facilitation of administrative procedures (particularly regarding land acquisition), and the absence of significant obstacles, despite a slight level of bureaucracy deemed normal. Overall, this engagement has created a favorable and enabling institutional environment, which has encouraged the company to pursue its new projects while reinforcing its satisfaction with its relationship with local public actors.

Resilience and Growth Amid Global Crises

The company, operating in the industrial plastics sector with a focus on food packaging, demonstrated notable resilience and growth during the Covid-19 crisis. Contrary to many industries that faced severe disruptions, the company experienced two exceptional years in terms of revenue, driven by a significant surge in demand for food products in Morocco, fueled by consumer fears of shortages and increased consumption patterns during the pandemic. This heightened demand translated into an increased need for packaging among the company's clients, resulting in substantial growth in sales and unprecedented levels of investment during the Covid-19 period. As a result, the pandemic did not represent a crisis for the company but rather an opportunity to strengthen its market position and expand its operational capacities in response to heightened demand.

In contrast, the ongoing Russia-Ukraine conflict has exerted indirect pressures on the company, primarily through price volatility in raw materials. The conflict led to speculation and fluctuations in material prices, with instances of price increases reaching 20% within short periods. To maintain stable margins, the company has passed these price variations onto its customers while ensuring the continuity of supply by strategically managing its raw material inventory. Despite global uncertainties, the company reported no significant disruptions in its supply chain and maintained operational continuity, emphasizing that the demand for essential

products persists regardless of macroeconomic conditions, thereby sustaining the need for packaging solutions.

Overall, the company's experience during these global crises highlights the importance of agile supply chain management and market responsiveness in maintaining operational resilience. By anticipating fluctuations in raw material availability and aligning investment decisions with market demand, the company has not only preserved but also strengthened its market position within the industrial plastics sector, demonstrating the sector's critical role in supporting essential goods supply chains during periods of global instability.

Hidden Champion: PlastikPack's Rise in Plastic Packaging Excellence

PlastikPack, a family-owned enterprise situated in the Marrakech region since its inception in 2015, has emerged as a notable force in the plastic packaging industry. A collaborative venture between the Lakhmiri and Armando families, the company's foray into blow molding and injection processes signifies a commitment to diverse plastic transformation methods. PlastikPack's exclusive use of high-density polyethylene (HDPE) as its primary raw material underscores its focus on quality and standardization.

Delving into market dynamics, PlastikPack navigates distinct markets, producing drums and crates. While estimating market share in blow molding proves challenging due to the parallel nature of the market, the company approximates a significant 30% market share among players of similar size in injection molding. Expansion plans in Africa, starting with Senegal, indicate a strategic vision to replicate domestic success on a broader scale. In fact, the key catalysts for PlastikPack's rapid market penetration lie in fortuitous technical alliances and substantial investments. The company's association with PlastikPack France, recognized as one of Europe's premier blow-molding facilities, positioned it advantageously. This advantageous network, coupled with continuous and substantial investments, enabled PlastikPack to swiftly gain market share.

PlastikPack's competitive advantage not only lies in its partnership with the French group and above its strong network relations but also stems from its internal resources. Above all, innovation stands as a cornerstone of PlastikPack's operations. The company pioneers lighter, more efficient packaging with superior technical-mechanical qualities. The deployment of faster and more productive machines, coupled with a focus on energy efficiency, positions PlastikPack competitively in terms of pricing. Beyond financial metrics, PlastikPack's success is intertwined with its human resources. The company boasts a small yet versatile team, comprising, consisting of around sixty individuals encompassing technicians, engineers, administrators, packers, guards, couriers, and supply chain personnel. The emphasis on customer-centricity, flexible delivery, and continuous improvement showcases a commitment to holistic customer satisfaction. With young individuals proficient in their respective domains, PlastikPack operates as a cohesive unit applying a participatory management style.

Looking ahead, PlastikPack remains optimistic about Morocco's economic development, envisioning it as a favorable environment for growth. The company's hope is anchored in the belief that large corporations, particularly exemplified by OCP (Phosphate Office), will catalyze a supportive ecosystem. While OCP currently represents a minor percentage of PlastikPack's sales, there is a strategic optimism that future developments will lead to increased collaboration.

Reflecting on what makes PlastikPack a hidden champion, we point out the company's low public visibility due to operating entirely in the B-to-B sector, specializing in secondary products,

and being located in an industrial zone rather than a renowned city. PlastikPack's role is clarified as not pure subcontracting but rather manufacturing packaging for clients, including a range of customer-specific molds and a line of German products for multiple clients. Thus, the company's success story unfolds as a multifaceted journey encompassing strategic partnerships, technological prowess, financial acumen, and a commitment to sustainability. The company's evolution from a nascent enterprise in 2015 to a key player in the plastic packaging industry is a testament to its ability to navigate complexities, innovate consistently, and align with the broader economic vision of Morocco. The lessons to be learnt from this PlastikPack' journey are the importance of strategic partnerships for international subsidiaries' success, the critical significance of a cost-effective and proximate location in industrial operations, and the essential prioritization of meritocracy over familial ties in recruitment campaigns even within family-owned businesses.

3. Seprob

Overview

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Company information

Industry:	Construction and public works
Year of establishment:	1947
Sales revenues in 2021:	€ 16 MIO
Sales revenues in 2015:	€ 37 MIO
Average number employees in 2021:	600
Brain(s) behind the company:	The founder Younes Laraqui

Nature of Market Leadership

Leveraging over 55 years of experience, Seprob stands as one of the most established companies in Morocco's construction sector. Today, the company is recognized as the leading manufacturer of engineering structures in Morocco. Seprob boasts extensive expertise across a wide array of public works domains, including civil engineering, dam construction, building construction, port works and water stations, as well as the fabrication of silos and tanks, and highway project design. Notably, Seprob was the first company to join Morocco's highway projects program.

The company's leadership in the field is attributed to its technical proficiency, innovative capabilities, and distinguished know-how, which set it apart from competitors. Committed to becoming internationally competitive, Seprob prioritizes quality and competitiveness as its primary objectives. It has successfully completed a major construction project in Libya in partnership with a Libyan firm and is currently engaged in another significant project in Ethiopia.

Nature of Competitive Advantage

Seprob differentiates itself from competitors through its notable reputation and over 55 years of experiential knowledge. Additionally, the company prides itself on having highly competent

and qualified employees. Seprob's extensive expertise in the construction sector, combined with its innovation-oriented approach, helps it maintain a strong market position.

Notably, Seprob's commitment to Health, Safety, and Environment (HSE), along with its ISO 9001 certification, underscores its dedication to employee safety and the implementation of a robust quality assurance plan.

Core lessons learned on the path to success

- **Select Reputable Suppliers:** Choose suppliers known for offering an excellent quality-to-price ratio and strive to build robust, long-term relationships with them. Despite the construction industry's reputation for high costs, leverage your purchasing power to secure more competitive prices through increased volume.
- **Prioritize Speed and Precision:** Stand out in the construction sector by emphasizing both speed and precision. Adopt a collaborative management approach that empowers every team member to contribute to decision-making, share innovative ideas, and propose efficient work methods. This approach fosters an environment conducive to meeting tight deadlines without compromising on quality.
- **Implement a Comprehensive Risk Management System:** Develop an internal and customer-oriented risk management system to proactively identify potential risks. This strategy not only helps anticipate challenges but also ensures that stakeholders are well-informed about the potential consequences. Such preparedness is invaluable in navigating crises like the Covid-19 pandemic or geopolitical events, such as the Ukraine-Russia war.

Management and leadership development needs

SEPROB, as a growing industrial company, faces critical needs in terms of managerial and leadership development. The rapid evolution of its activities, particularly at the national and potentially regional level, requires a more advanced structuring of managerial functions. The organization remains marked by a high degree of centralization of decision-making around the founder-CEO, which limits delegation and hinders the emergence of middle managers capable of carrying out the strategic vision. The need for professionalization of management is evident, both in the establishment of autonomous teams and in the strengthening of cross-functional skills (project management, change management, strategic management). In addition, the lack of formal continuing education programs limits the ability of managers to adapt to changes in the sector. The development of agile leadership, capable of combining entrepreneurial culture and organizational discipline, is therefore a key lever for ensuring SEPROB's sustainability.

Financing and regulatory environment development needs

SEPROB's development also faces constraints related to the financial and regulatory environment. Access to financing, although partially facilitated by public measures, remains insufficiently adapted to the specific needs of family-owned industrial companies. Guarantee requirements, processing times, and the limited diversity of financing instruments slow down expansion and innovation projects. Furthermore, the national regulatory framework remains unstable and sometimes unsuited to the operational realities of industrial SMEs, particularly with regard to taxation, customs standards, and import-export procedures. SEPROB therefore expresses a need for clarification, simplification, and above all regulatory stability. The introduction of incentives targeting productive investment and exports would be a factor in accelerating its development. Better coordination between public and private actors would also help create an ecosystem more conducive to industrial growth.

Adapting Business Practices Amid the Covid-19 Pandemic and Ukraine War

SEPROB has undeniably felt the repercussions of the Covid-19 pandemic and the ongoing Russia-Ukraine conflict, which have created intertwined challenges for its operations. During the Covid-19 crisis, the company experienced significant price increases in raw materials, a trend that has persisted and even intensified with the Ukraine conflict, leading to further volatility in material and fuel prices. These increases, averaging around 5%, have placed considerable strain on the company, especially as most of its clients are public administrations and state-owned entities with fixed-price contracts, making price adjustments difficult and limiting the company's ability to attract new clients. The rising fuel prices have also impacted supply chains and project timelines, creating additional pressure in a sector where strict adherence to deadlines is critical for maintaining credibility and ensuring project success.

Financially, the company has faced increased financial charges, further tightening its operational flexibility. In response, the company has adopted a negotiation-based approach with clients, engaging in transparent discussions to adjust project budgets by explaining the current market prices and the reasons behind these increases. Additionally, the company has pursued price revisions for specific key materials, such as cement and concrete, through the support of the National Federation of Construction and Public Works (FNBTP). Affiliated with the CGEM and established in the 1980s, the FNBTP plays a crucial role in representing and defending the interests of construction companies in Morocco, serving as an intermediary to negotiate with government authorities during crises. The company also benefited from the Daman Oxygène program, providing essential financial support to navigate liquidity constraints during the pandemic.

Beyond immediate operational measures, these crises have prompted the company to rethink its management practices and organizational culture. Recognizing the inevitability of future crises, the company has established an internal risk management system aimed at enhancing preparedness and responsiveness. This system emphasizes proactive communication for clients, ensuring they remain informed about market dynamics and potential impacts on project execution.

Seprob: Morocco's Hidden Champion in Construction and Civil Engineering

Seprob, a leading force in the building and civil engineering sector, embodies a compelling story of entrepreneurial achievement within the Moroccan landscape. The company's roots trace back to 1947, when it operated as a subsidiary of a French company. A significant transformation occurred in 1963, marking its transition to a common-law entity. In 1982, the Omar Laraki Group acquired the company, renaming it Seprob (Boussiron Process Operating Company) and solidifying its unequivocal Moroccan identity.

The company's field of activity covers the industrial and construction sectors, with a complete specialization in building and civil engineering. What sets Seprob apart is the breadth of its portfolio, which includes iconic projects such as the Zevaco Dome in Casablanca, freeway construction, industrial civil engineering, and major infrastructure initiatives.

Seprob's differentiating factor lies in its unwavering commitment to quality, innovation, and technical prowess. While it may not hold the largest market share, the company is at the cutting edge of technology and expertise. With a workforce boasting over six decades of collective experience, Seprob is extending its expertise beyond national borders and making a notable impact in Africa. In a landscape marked by formidable competition from the likes of Somagec and SGTM, Seprob's success is attributed to a culture of innovation, the use of high-quality

equipment, and a participative management style. This ethos fosters a problem-solving mindset, fueling a continuous cycle of innovation and resilience.

Seprob's international engagements, exemplified by ongoing projects in Ethiopia, highlight its global presence. The company's strong commitment to Health, Safety, and Environmental (HSE) standards, underscored by its ISO 9001 certification, aligns seamlessly with its corporate social responsibility (CSR) principles. Morocco's stable economic and political environment, combined with its receptivity to foreign investment, has significantly contributed to Seprob's achievements. The company's capacity to adapt, innovate, and prosper in the face of challenges solidifies its standing as a hidden champion within Morocco's vibrant construction and civil engineering industry.

North Macedonia

1. Korab Trnica

Overview

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Web: <https://korabtrnica.mk>

Company information

Industry: Manufacturing

Year of Establishment: 2014

Sales Revenues in 2021: 7,470,806 euros

Average number of employees in 2023: 111

Brainer(s) behind the company: The company's partners

Nature of market leadership

Korab Trnica has focused exclusively on the primary industry, being production of dairy products including cheeses, milk, yogurts, and more. This has led to extensive focus on the key performance indicators and parameters, as well as ensuring product quality and customer relationship management. Considering that the company operates in a fragmented market, it is still considered a regional market leader, operating in a business environment with multiple competitors, with estimates suggesting that it holds up to around 15% of different niche market categories like cheese.

Nature of competitive advantage

The company takes pride in being a market leader in dairy production, originating from North Macedonia. Through strong leadership in the previous years during the pandemic, Korab Trnica has managed to maintain its leadership position. By offering unique products on the market, with continuous investment in the production equipment and bringing innovations to various product lines. Specific focus has also been placed on maintaining existing customer relationships.

Core lessons learned on the path to success

1. Focusing on the primary industry.
2. Market research and planning, through a well-designed feedback loop and monitoring of market indicators with a proactive approach.

3. Maintaining the high quality of production facilities and final products being delivered to consumers, as this entails success in the long run.

Management and leadership development needs

The company highlights the need for improvement of technological knowledge, techniques for recognition of possibilities, skills for working in teams, enhancing both internal and external communication, decision-making, motivation, and similar. In this sense, the organization considers the competencies related to information and communication technologies (ICT) as the most underdeveloped ones because of some traditional views of segments of the workforce that are resistant to change and strive to exist in the comfort zone. Thus, they highlight the need for education as necessary in all segments of the work, believing that only through a continuous process of learning can the internal infrastructure of the company and its resistance to external influences be strengthened. Another important set of skills which was identified was related to marketing. The company has recognized the value of a continuous marketing approach – primarily in the digital channels, due to the characteristics of other markets, but also in combination with TV and radio.

Financing and regulatory environment development needs

Korab Trnica focuses on the financing and regulatory environment development needs from their own perspective as potential agents of change instead of just passively waiting for external stakeholders to do something about these challenges. Hence, the company considers it should invest more in modernizing the production process and improving energy efficiency in their processes, which climbs up on the agenda of many companies following the energy crises and the recent sustainability trends. The common ground is that the need for using modern ICT tools and applications is vital on the path to complete digitalization of the business sector.

Pandemic's Impact on "Hidden Champions" Business Approach

Considering the company focuses on the production and sales of dairy products, the consensus is that they did not feel the pandemic strongly reshaped their business operations. Some of the challenges the company dealt with during this period were a lack of raw materials in quantity and quality as well as the movement restrictions and economic measures imposed by the regulators. To tackle this, Korab Trnica implemented practices of quick decision-making and realized larger investments in equipment. Organization-wise, the company did an internal restructuring to maintain flexibility and agility.

Effects of the Ukraine War on "Hidden Champions" Business Operations

The war in Ukraine has resulted in consequences for the supply chain and energy infrastructure of Korab Trnica, too. Since the start of the war, the company has experienced rising energy prices, increased prices of raw materials, as well as risks related to unfair competition and untimely payments from clients. This provoked the company to come up with mitigation strategies that included the utilization of cost optimization models, continuous communication with strategic suppliers and buyers, more careful selection of buyers, and changes in production management.

Cheese to Please: Unveiling the Story of a Hidden Dairy Champion

The origins of the brand Korab Trnica can be traced even to 1945 when the first business activity was sheep farming and with producing and independent sales of meat and dairy products

through a network of shops. This was the point when the original dairy products were starting to be produced. Today, Korab Trnica is known for its renowned traditional products and some flagstone ones like the Korab yellow cheese, Trnica's sour milk, Trnica cheese, and more. Besides its primary activity of producing dairy products, Korab Trnica expanded into the hospitality industry in the 1970s, opening its own restaurant, which was afterward complemented by an accommodation facility. Still, the signature cheeses and milk products remained a significant part of the Korab Trnica story and are ubiquitous on the restaurant's menu.

Yet, 2014 saw the company's most significant moment when a decision was made to modernize Korab Trnica, in parallel with a comprehensive process of large investments and developing a new company-wide strategy. The following year was pivotal for bringing the former glory to the brand "Korab Trnica", too, when the modern company started getting more of the market share and a large investment cycle commenced. This meant that the organization had to keep the good practices of the past while introducing new aspects. Thus, the company realized that modernization and development of the business process is equally important as nurturing the traditional spirit.

This resulted in the wide promotion of Korab Trnica's concept, whose foundation is "from the nature to the table", meaning that the company strives to produce natural products and is completely in charge of their sale. Furthermore, the company considers this both as its biggest competitive advantage as well as a challenge to maintain. This means that their cows, sheep, goats, and bees consume food and nutrients from untouched nature on the Korab mountain, which is rich with herbs, flowers, teas, and clean mountain water, which reflects in the final products on the consumers' tables, too.

Namely, the product palette mainly consists of white and yellow cheeses, cottage cheese, yogurt, whey, sour cream, and milk. Connected to this, besides dairy, the product lines also include chicken pâté, natural honey, and more. So, besides the Macedonian market, the citizens in Serbia, Montenegro, and Kosovo can enjoy the company's fresh cheeses and milk products thanks to the wide regional export network. This led to increases in sales revenues from 3,221,057 euros in 2019 to 7,470,806 euros in less than four years besides the destructive effects of the pandemic and the following crises.

Korab Trnica is recognized as a market leader due to its commitment to excellence, high brand awareness, and consistent product quality. While the company's position as one of the market leaders has remained over the years, it still believes that its market leadership has changed due to its strong focus on the primary sub-industry, which is the production of dairy products. Moreover, an attempt to cover the entire spectrum of work, from cattle breeding, fodder production, milk production, milk processing, and cheese production was unsuccessful, which is why the company stayed faithful to only the latter, specializing in this market niche.

Related to the main strengths of the company, the company exhibits the strong personality of a market leader, while nurturing the long history of customer relationships. Additionally, the company takes pride in investing in the workforce and their engagement, motivation, and knowledge of the market. The challenges imposed by the pandemic and the war in Ukraine have demonstrated to the company that their flexibility is also a plus when dealing with products that rely on strong and healthy supply chains.

This adaptability and willingness to try something new can be seen in the new packages of the Korab Trnica products, which maintain the authentic and traditional look, while still being modern. In this regard, the company's key messages visible on the dairy products are "From Trnica, with love since 1945" and "Natural, with a taste", alluding to the organic segment of the

products straight from nature's resources at Korab mountain. Speaking of marketing practices, the company acknowledges the need for increased digital marketing efforts, especially when entering other markets. Besides that, the company strongly relies on a word-of-mouth strategy with the customers being the ones who will advertise the products to their friends, families, and colleagues.

Despite this, the company has faced an onset of barriers brought mainly by recent geopolitical events and the pandemic crises. Hence, the energy, resources, and health crises, combined with the economic policies of the country have been at the top of the management agenda. But what lies ahead? Korab Trnica plans to focus more on innovation and look further into introducing new products. Its sales strategy remains deeply embedded in the principles of direct sales through company stores instead of using the well-established networks of large retail stores and supermarkets. The management and the Korab Trnica team see their original products as promoters of the Macedonian natural beauty and tradition, which can result in a more equitable socio-economic development of all areas of the country – both urban and rural.

2. Mermer Imperijal DOO Prilep

Overview

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Company information

Industry: Construction

Year of Establishment: 2010

Sales Revenues in 2021: 766,051 euros

Average number of employees in 2023: 15

Brainer(s) behind the company: Management team

Nature of market leadership

The company has large and modern production facilities and equipment, which allows it to fulfill the needs of complex projects, placing it as one of the top Bianco Sivec marble suppliers in the region and beyond. The proximity to the port of Thessaloniki, Greece, which is used as a main logistics hub, enables the distribution of their materials to various destinations throughout several continents. Hence, the company estimates that it is regional market leader, having a market share of up to 50%.

Nature of competitive advantage

Mermer Imperijal is a small family-run business, placing the key to its success in its highly skilled employees' motivation and the atmosphere in the company to pursue business opportunities. Beyond that, it enables flexibility in their approach to potential clients in their offerings and moving to new markets quickly. Additionally, the company prides itself on its financial stability, undertaking several large and complex projects at once and delivering in full.

Core lessons learned on the path to success

1. The market landscape requires patience and persistence in all strategic and operational activities to endure various phases of growth.

2. Continuing the flow of logistics and transportation of materials is essential, especially in times of crisis.
3. The input of each member is incredibly important in maintaining successful customer relationships in the long term, especially for small teams.

Management and leadership development needs

The company has identified marketing skills and competencies as crucial for maintaining and advancing the leadership position. The small number of employees does not have the opportunity to focus solely on updating the website, social media channels, and making advertisements, which could be solved by having a larger marketing team. Additionally, the management believes that investing in building the know-how of the sales managers and team is vital as these people oversee the entire sales process and the so-called blood flow of the company.

Financing and regulatory environment development needs

While the company does not note major regulatory environment development needs and constraints, it believes it would benefit more from having more loan opportunities and better credit lines from financial institutions. These available funds would be used for investing in state-of-the-art equipment and increasing production capacities.

Pandemic's Impact on "Hidden Champions" Business Approach

The pandemic had severe negative impacts on the business operations of the company. Consequently, the work stagnated because of the closed borders and the stillness of the markets. This was also negatively reflected in the exports. Moreover, the rising positive cases of the COVID-19 virus among employees additionally overburdened the production process, which was stopped a few times during the crisis.

Effects of the Ukraine War on "Hidden Champions" Business Operations

The main effects of the war in Ukraine mostly refer to the subsequent rising inflation and energy prices. Namely, the company experiences minor challenges with electricity supply as well as some countries opting out of buying marble. Connected to this, production costs, especially those of electricity as a main input and production resource, increased dramatically. So, the company was prompted to find new ways to acquire new customers to increase exports.

Success Set in Stone: From a Family Business to a Hidden Champion

One of the first characteristics of Mermer Imperijal is that it was established as a family business in Prilep, North Macedonia and it stayed that way from its humble beginnings in 2010. Its workforce is slowly growing, too, from just including the family members to nine employees in 2019 and 15 in 2021. More than ten years forward, the company is still working in the construction industry as one of the market leaders in the region when it comes to processing and sales of marble.

The company first started with a small capacity in charge of processing travertine and Bianco Sivec marble, supplying quality products to local partners. The marble and other raw materials needed for creating stone and marble products were local and directly obtained from the quarries, which are situated around 10 kilometers from the production facility. This has had multiple effects on the company's business operations. Getting necessary resources nearby meant higher cost-efficiency, promotion of local products, and advancement of the local

economy through opening new local jobs.

Moreover, as a younger member of the family of well-established companies, Mermer Imperijal credits the hard work, work philosophy, and increasing investments as crucial predictors of its growth and expansion. Today, Mermer Imperijal has large and contemporary production facilities and equipment, which allows it to carry out big and complex projects – from grandiose homes and mansions to hospitality businesses such as one of the country's most popular wineries, winery Sopot.

Going beyond the country's borders, Mermer Imperijal is a supplier and contractor for travertine projects throughout the Balkans. To achieve this, the company counts on the proximity to the port of Thessaloniki, Greece, which is around 200 kilometers away from the production plant. As one of the region's main logistics hubs, this port allows direct distribution of materials and products to other countries and continents.

In the years Mermer Imperijal has existed on the market, it has seen major changes in the factors affecting the market leadership. Hence, the company recognized there are greater opportunities to acquire new customers on a global level, which has been made even more possible with exceedingly rapid digitalization, social media, and the internet evolution where it is possible for a client from a different continent to order marble from a distant corner of the world. Related to this, the company reported an increase in exports due to higher production and finding new customers via the Internet. Additionally, to accommodate these market conditions, the company's capital has increased as have the production possibilities.

The last few years have not brought straightforward growth for the company, especially considering the destructive effects of the pandemic, the energy crisis, and the war in Ukraine on the global both value and supply chains. Namely, its sales were slightly lowered from 2019 when they were 993,739 euros to 763,818 euros in 2021. Yet, the company is getting back on track as it aims to focus on international markets in the next period. In this sense, the company views the size of the production as one of the prevalent current challenges, while its ambitions to increase its participation in the global market is a future challenge to be worked on.

To address these barriers, the company relies on the customers' loyalty to the brand, its flexibility, and the total quality philosophy it has from its roots. As a smaller and agile company, Mermer Imperijal has felt the negative effects of putting more effort into gaining a bigger market share to the positive effects of being more able to successfully introduce and scale up innovations in the production and logistics processes.

3. Ading

Overview

Address: Novoselski pat (St. 1409) 11, 1060 Skopje, Republic of North Macedonia

Tel: +38922034800

Email: ading@ading.com.mk

Web: <https://www.ading.com.mk/>

Company information

Industry: Manufacturing

Year of Establishment: 1969 (privatized in 1996)

Sales Revenues in 2021: 7,316,074 euros

Average number of employees in 2023: 150

Brainer(s) behind the company: The employees

Nature of market leadership

The driving force of its market leadership is the regional uniqueness of the company's products which are additives, admixtures, coatings, mortars, adhesives and supporting construction chemicals for the construction industry. These additives are used for mending, waterproofing, maintaining, protecting, and reconstructing concrete constructions to enhance durability. Hence, Ading dominates the market of South-East Europe (SEE). The nature of the market leadership changed due to the rising need to reduce the emission of harmful gases during production and participation in the mission to achieve net zero. Hence, the aggressive effects of the atmosphere on existing or new reinforced concrete structures have increased the need for protective coatings and specific materials for their repair and maintenance. Considering all of this, the concrete manufacturers' impact on the environment has been heavily under public scrutiny.

To deal with this and maintain the leader position, Ading's focal points were adaptability, flexibility, and knowledge of the markets in the SEE region. With this in mind, they promote a tailor-made approach with continuous support for the client even after the purchase has been made, which is rare in the industry.

Nature of competitive advantage

The company's nature of competitive advantage has drastically changed since 2018, partly because more than ten large competitors from different regions of the world appeared in similar fields and disciplines. The company underwent some internal changes, too. They changed their focus on profitability to also include sustainability and their own contribution to building a better tomorrow. In recent years Ading became a purpose-driven company, reshaping its core values. Yet, Ading's competitive advantage is the people, i.e., the engineering teams, the support teams from other services, and the new generations who joined the workforce in the meantime. This means that the company builds a long history of relationships with stakeholders and customers while relying on its strength of innovation, knowledge of the market, loyalty, and qualifications of the employees.

Core lessons learned on the path to success

1. Investing in human resources and the care of the people.
2. Establishing a system for a rapid internal transfer of accumulated knowledge.
3. Having a vision and leadership, and making sure the employees have mutual objectives.
4. Diversifying the product portfolio and covering more areas to be more flexible and disperse risks.

Management and leadership development needs

Ading acknowledges that progress in its industry occurs almost daily, and the needs of the construction industry are consistently changing. They believe that skills for encouraging further innovation, intrapreneurship, and supporting proactivity among employees, allowing them more space and freedom to create and come up with proposals for the realization of their ideas are crucial for advancing the management and leadership capacities. Connected to the dynamic nature of the industry, skills for research and development (R&D), technical application, and sales are needed, too. Lastly, competencies related to marketing for the part of the production program, which is intended for retail sales, are needed as well. Considering this, Ading highlights the need to attract new human potential as a precursor to business success.

Financing and regulatory environment development needs

Ensuring equal market conditions for the industry through regulators and decision-makers is crucial and needed according to Ading's point of view. The company believes that certifications and compliance with all regulations and rules should be equally important for domestic and foreign brands. In this sense, there should be greater engagement and support between policymakers and the industry members in the aspects of demonstration and promotion of the expertise, know-how, and experiences these companies have. This increased collaboration can result in leveraging the insights into sustainable solutions for the socio-economic development of the industry and the country.

Pandemic's Impact on "Hidden Champions" Business Approach

The pandemic has impacted Ading's work on multiple levels, beginning with the internal processes and the growth of the responsibility of the teams, their independence and agility, and the ability for rapid mutual coordination. Moreover, the company experienced difficulties in operation, unpredictability, rising costs of employee health and security, and disruptions of the production processes. To mitigate this, they turned toward developing new, unknown operations, and introducing remote work paired with constant adaptation and increased vigilance across all sectors and activities internally as well as careful consideration of the external environment.

Effects of the Ukraine War on "Hidden Champions" Business Operations

Some of the main obstacles Ading faced due to the Ukraine war were the additional disruptions of global supply chains and the unpredictability of raw materials prices. Still, the company was quick to implement solutions and strategies such as thorough procurement and logistics planning and financial management, cutting unnecessary costs, making adaptations to the production processes, and investing in renewable energy sources. The latter was prompted by the widespread energy crisis, which ensued shortly after the start of the war. As a result, sustainability has become the new credo of the company as its management is on the lookout for new ways of optimizing and improving their and their partners' processes. Additionally, this situation has made them more aware, responsible, and willing to prioritize the company's contribution to the environment.

Cementing Excellence: The Hidden Champion Revolutionizing Cement and Admixture Innovations

As a joint-stock company, Ading focuses on producing and selling admixtures and other supporting chemicals for the construction industry. It is also known for repairing, reconstructing, and protecting reinforced concrete constructions. Since its establishment in 1969, the company grew and reformed, becoming a joint-stock company in 1996, almost 30 years after the start of the business operations.

Ading's story began with just five people, embarking on a vision and mission to manufacture specific products, which had been unheard of at that time. Now, Ading Group employs more than 150 employees of which around 40% are architects, engineers, and experienced professionals. In Skopje, the company has its headquarters, where it offers additional services like wholesale and retail sales of construction and chemical materials, finish and rehabilitation of construction works, design, marketing, soft landscaping, and property valuation through its three daughter companies and a joint venture. This enables Ading to offer a comprehensive solution from design and manufacturing to implementation and maintenance.

After securing its position in the domestic market, Ading set its aspirations internationally and has reached South-Eastern Europe, the rest of the European countries, the Middle East, Asia, and Africa. To meet the needs of the diverse and geographically dispersed customers, Ading Group has international members in Serbia, Bulgaria, Greece, and Kazakhstan while maintaining a wide range of international distributors in Libya, Montenegro, Croatia, Albania, Kosovo, Bosnia and Herzegovina, Hungary, Romania, Ukraine, Russia, Iran, and more.

On the domestic market, Ading leads in concrete additives, waterproofing, and materials for repair and protection. Even though the company managed to maintain its position in the market, that does not mean that the market conditions, per se, remained the same. Subsequently, the industry has seen more pronounced and aggressive competition, disruptions in supply chains, and even a serious brain drain when it comes to a qualified and professional workforce, which is characteristic of the country and the region at large. Additionally, several consolidations, mergers, and acquisitions occurred in and around the industry, impacting the business existence of many companies.

Connected to this, some of the prevalent business challenges the company faced related to the creation of added value for Ading's partners, and through them to contribute to the sustainability of the community. With the rising awareness of environmental protection and care for the well-being of communities and the planet, the company embarked on a complete transformation of its operations and vision towards achieving a sustainable way of working.

On this strategic journey, Ading has relied on the customers and employees as the crucial company beneficiary. On the one hand, the company utilized its long history of customer relationships and its direct, personal approach to customers. To include the customer in the production process, the company is acknowledged for its early-detection system for client needs (Berberović et al., 2019). Thanks to this system and the services offered in the area, the customers can see the big picture from the beginning and get involved in putting the right product in the right hands, which often means that the company detects the clients' need before the competition, giving it an advantage over the rest.

On the other hand, the company depends on the workforce's knowledge of the market, loyalty, qualifications, teamwork, and innovation capacities, which the company has built with continuous education of its human resources. This combined two-fold effect led to the rise of one of Ading's biggest strengths, which is the development of products and technologies that help optimize production as well as products and technologies that protect new reinforced concrete structures or extend the life of existing buildings of this type.

Recognized as 'construction pharmacists', the experienced and skilled people of Ading have positioned themselves as go-to producers for innovative products and technologies that can solve both general and specific construction issues. Ading's products are based on concrete and cement admixtures, which add value and support the construction processes afterward. The company has diversified and reinvented what it does by introducing new products. More precisely, its product portfolio includes more than 100 products, including admixtures, floor-finishing products, joint sealants, protective coatings, adhesives, decorative coatings, leveling compounds, and even products for grouting and sealing, concrete repair, waterproofing, fire protection, and more. Considering this, in the last ten years, the company has introduced radical changes in the range of products. It developed a series of products for the needs of the cement industry, "grinding agents" that help reduce CO₂ emissions.

With its pioneering technologies and products, Ading has played a key role in some of the vital infrastructure projects in the Balkans. Its strategy focuses on improving its product lines and selling in domestic and international markets. All these efforts almost doubled the sales

revenues from 2019 until 2021; the sales revenues in the former year being 4,876,901 euros and 7,316,074 euros two years later. These effects spilled over into the company's return on assets (ROA) and return on equity (ROE). The ROA in 2019 was 3.47, while in 2021 it equaled 4.09. A similar situation is evident with the ROE indicator which jumped from 4.94 in 2019 to 5.99 in 2021.

The company uses its competitive advantage to intensively collaborate with universities and scientific institutions in civil engineering to exchange know-how and support the academic community. This is one of the strategic directions of the current management. It also believes in the constant development of the key resource of Ading – its people.

4. Mikrosam

Overview

Address: Krusevski pat b.b., 7500 Prilep, Republic of North Macedonia

Tel: +389(0)48400100

Email: info@mikrosam.com

Web: <https://www.mikrosam.com/>

Company information

Industry: Manufacturing

Year of Establishment: 1990

Sales Revenues in 2021: 13,018,843 euros

Average number of employees in 2023: 179

Brainer(s) behind the company: Professor Blagoja Samakoski, Liljana Samakoska, Vele Samak, Samoil Samak, and Fanija Samak

Nature of market leadership

In the past ten years, Mikrosam's market leadership nature changed as it increased market share in more than 43 countries and entered the United States market. Mikrosam became known for the world's most extensive product line for CNG and hydrogen tanks, while extensively partnering and including the customers in terms of development and improvement projects. By not having a preferential domestic market, the company is pushed to compete globally. This creates the need for a broad technology portfolio and taking on new challenges. Since university degrees in composites are not available, the company takes upon upskilling and reskilling its workforce, driving further its human capital, innovation capabilities, and thus market position. The nature of the market leadership also stems from the brand value and recognizability in this area as well as the engineered-to-order machines, which positively contributed to the market influence.

Nature of competitive advantage

Mikrosam's competitive advantage is rooted in its innovation, engineered-to-order machines, knowledge of key composite production, automation, and software development competencies, strong international sales and marketing presence, and willingness to support customer development and training projects. There are around three relevant competitors in Europe and around five relevant competitors in the United States of America. Based on the company's competitive advantage analysis, there are others in local markets, but most are not present globally.

Core lessons learned on the path to success

1. People should not sell themselves short and learn when to say no.
2. Being brave and taking on the things and challenges that other suppliers simply reject leads to success.
3. Creating opportunities even if there are none and finding ways to get the job done keeps the organization afloat.
4. Relying on innovation and using best practices.

Management and leadership development needs

Most of the management and leadership development needs the company has identified are related to human resource management with a special focus on hiring and retaining employees. This includes skills for onboarding and paying special attention to new hires that can ensure they are willing to take part in improving the workplace culture, skills for knowledge training and transfer, skills for attracting and retaining employees, and similar. This gap in organizational knowledge is likely due to several reasons such as broader educational failures, the location of the company, and new recruitment methods.

When it comes to marketing, the company would benefit from new events to generate more leads and sales, larger investments in email and digital marketing, employee branding, and building a bigger marketing team.

Financing and regulatory environment development needs

In this area, Mikrosam strives to create a financial structure where sufficient liquidity can cover operating expenses without tapping into external resources. Related to that, the company believes that more prudent financial decisions and a re-focus on capital expenditure to be more competitive are needed. Establishing a system of tracking and analyzing variances in delivery schedules and supplier cost inflations would be a nice addition to the company's financial approach, too.

Pandemic's Impact on "Hidden Champions" Business Approach

Due to the movement restrictions, the company introduced online meetings, and changing work schedules, which considered the maintenance of machine delivery timelines and solving supply-chain issues. All this was done to make the organization more flexible and adaptable to the daily changes. The contemporary working arrangements in the new normal resulted in work from home and in shifts, which significantly impacted the communication with the existing customers and the project deadlines that frequently had to be extended. Mikrosam managed to stay true to its engineered-to-order philosophy, so it started providing remote installations of the machines at the premises of the customers. This meant that the company often sent small teams to install a machine, so factories received the equipment remotely and the Mikrosam remotely installed it. The company also included virtual assistance for remote installations, so only a few onsite workers were required to be present while they received virtual instructions and manuals from Mikrosam.

Effects of the Ukraine War on "Hidden Champions" Business Operations

As the company also exported to Russia, the Russian market became closed to Mikrosam's machines since they are dual-use equipment. Prior to the conflict, the company started seeing major challenges from its electronic component suppliers regarding the delivery schedules. So, the unresolved issues with electronic component delays from European suppliers made the

company assess alternatives. Mikrosam found that they were not alone in these issues in the industry. By relying on its analytical capability, the company grew to better understand and manage its supply chain. To tackle the supply chain disruptions, they integrated internal material resource planning with purchasing, project management, and sales teams to proactively manage timelines and schedules for current and new projects. Further, the war in Ukraine impacted the energy resources, so the company had to invest in meeting its energy needs using solar power to soften the massive inflation in electricity costs. On the market, the demand for hydrogen tanks continued to grow, making Mikrosam re-focus on being more innovative and competitive with customers for such machines.

Composite Innovators: The Hidden Champion Pioneering Integrated Solutions

Mikrosam is the first company globally to offer integrated solutions for manufacturing products from composite materials, making it a renowned composites manufacturing and development equipment producer. Since it started doing business internationally, it has successfully installed more than 300 production lines in around 43 countries.

Mikrosam's story began in April 1990 with five employees whose first big successes included the successful installation of one of the first computer networks for a Macedonian corporation and the design and testing of the first digital units for measuring electricity consumption in the Macedonian economy. Until the end of that century, Mikrosam focused on design consulting and setting the groundwork for their massive operations of manufacturing products from composite materials by building and designing the first machines and integral electronic components for making this type of manufacturing possible. The company celebrated the start of the new millennium with an entry into the Chinese market in 2000. Quickly after that, the management team realized the company's need for expansion and replaced the design office with a large, brand-new manufacturing factory for developing state-of-the-art, specialized machinery in 2003. With this, Mikrosam achieved full control of the entire machine manufacturing, from its design to its buy-out and installation at the customers' premises.

The company focuses on factory automation, composite production, motion control, and process automation, integrated with its custom-made software for simulating and automating composite manufacturing processes. In Mikrosam's research and development center, the team works on tests, prototypes, technology advancement, and product design. Its products involve sophisticated filament winding and fiber placement machinery, pre-preg making machines, integrated manufacturing lines, and tailor-made composite machining centers, using automated fiber placement, automated tape laying technology, thermos-set, and thermoplastics.

One of Mikrosam's biggest achievements is the automated fiber placement machine. This type of machine has a part in manufacturing vital parts, using composites for aviation and space industries. This was an important step forward for the company's future ground-breaking innovations. Another important milestone is Mikrosam's production of the first fully automated line of tanks that work on compressed natural gas for the automotive industry. A string of firsts followed that and in 2017, the company delivered the first hybrid fiber winding and automated fiber placement machine for space applications, followed by the delivery of the largest completely automated line for tanks that work on compressed natural and hydrogen gas on the planet in 2019.

Mikrosam's facilities are situated on the outskirts of the city of Prilep. Today, the Mikrosam campus is a hub for engineering and design, as well as complete manufacturing and assembling of products. The campus consists of parks and green spaces for relaxation and inspiration and

warehouses with high ceilings, secure flooring, heavy-lifting machinery and equipment, workstations for mechanics and electronics, presses, multi-axis CNC machines, and other equipment. This helps the company perform simultaneous acceptance tests of various machinery lines and prepare customer buy-offs.

Due to a strong organizational learning process, the company builds from previously proven solutions and upgrades them to meet current demands through innovative designs and know-how. As a result, all the machinery is built as engineered-to-order. As a result, the sales revenues in the past ten years have grown more than fivefold; in 2011 they were 2,370,874 euros while in 2021 they equaled 13,018,843 euros.

Every project is spearheaded by a designated project team of mechanical and electrical design engineers. Additionally, lead and senior engineers joined by production supervisors and software and control programmers supervise the entire process. Most of the employees at Mikrosam have lengthy career paths in the company with more than 60% of them being engineers, as well as doctors and masters of science, and university professors, and more than 30% of them being experienced assembly and CNC technicians and operators. The company believes that production workers and engineers are the business professions and profiles that are in most need of education due to constant changes, new technologies, and fresh ways of learning, and working, prompted by the recent revolutions in the workplace. Mikrosam considers this an asset that ensures stability, a growth mindset, a constantly upgrading skills base, and continuity and maintenance of strong relationships with the customers. The project teams have direct and continuous communication with clients through all phases of designing, building out, buying out, installing, and support.

Thanks to its specialized and unusual work and strategic focus on research and development, Mikrosam constantly invests in training, developing, and shaping the new engineer minds of tomorrow, who will one day break new manufacturing grounds and trailblaze innovation. The company opened its own Mikrosam Academy, offering free and personal education for a few passionate adult community members. Also, Mikrosam founded the Institute for Advanced Composites and Robotics (IACR), which represents the first private institute of this kind with the ambition to grow into a hub for fostering practical research for social good. 2015 saw the graduation of the first class of post-graduate students with Master of Science degrees in composites and robotics. This, together with investments in research and development has resulted in a plethora of patents, awards, and recognitions in Europe and abroad. These recognitions include the Eureka award in Brussels in 2001, Patent of the Year awards, and ACE Award Finalist for the first multi-robot, toolless, automated fiber placement cell.

Still, the company is not immune to the business challenges of the dynamic market conditions. The ability to answer global market needs in a competitive way, address new opportunities that require deeper and longer engineering commitment, manage cash flow, and maintain a hungry attitude are something that the company will tackle to achieve even bigger accomplishments.

In market conditions with growing global competitors, Mikrosam managed to use improved visibility, innovation, presence at industry events, engineering leadership, and manufacturing skills to tackle difficult projects and provide automated production equipment. Its identified key strengths are the vision and mission to design and build the future of advanced materials, a strategy towards strong engineering input and detailed customer understanding and maintaining clear responsibility and accountability across all teams. In this sense, the management commitment to innovation and customer success, the strategic orientation on technologies and cross-pollination of ideas, and the organization-wide innovation culture and engineering input are the main driving factors that influence this innovativeness.

Poland

1. MB Pneumatyka Sp. z o.o.

Overview

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Tel: +48 68 419 02 99

Email: mb-pneumatyka@mb-pneumatyka.pl

Web: <https://mbp.mbgroun.com.pl/en>

Company information

Industry²⁶: Designer and manufacturer of air brake systems for the automotive industry

Year of Establishment 2002

Sales Revenues in 2017: 5 005 608,16 EUR

Sales Revenues in 2023: 5 730 983,99 EUR

Average number of employees in 2023: 100

Brainer(s) behind the company: Małgorzata Bieniaszewska, Andrzej Bieniaszewski (father)

Nature of market leadership

MB Pneumatyka's market leadership is characterized by a blend of innovation, strong market presence, customer-centric solutions, sustainable values, and strategic adaptability. MB Pneumatyka holds an impressive market share of around 80% in Poland and is one of the top four manufacturers in Europe for connectors for pneumatic systems in commercial vehicles. Despite intense competition from the market leader Raufoss, MB Pneumatyka maintains a significant presence.

Market leadership is also innovation-driven. The company places a high emphasis on innovation, regularly applying for new patents and striving to introduce globally innovative products. This continuous innovation is part of its competitive strategy. Moreover, MB Pneumatyka differentiates itself through exceptional customer service. Instead of just selling products, the company provides tailored solutions by reviewing and optimizing customers' vehicle technology. This long-term, relationship-focused approach fosters customer loyalty.

The company's leadership, under Małgorzata Bieniaszewska, embodies sustainable practices and values, including respect for people, reputation, and ethical behavior. This includes refraining from bribery and maintaining transparency in business operations, even during a crisis. The company benefits from a solid family-owned heritage, which instills a sense of continuity and long-term vision in its operations and strategic decisions. Thanks to this heritage and strong values, MB Pneumatyka has shown resilience in times of crisis, such as during the COVID-19 pandemic and the war in Ukraine, by maintaining employment, adapting business strategies, and making ethically driven decisions even at the cost of short-term financial losses. Two years ago, the company strategically expanded its international operations, including the opening of a production facility in India to tap into a rapidly growing market.

Nature of competitive advantage

MB Pneumatyka's competitive advantage stems from a multifaceted strategy that emphasizes customer-centric solutions, innovation, long-term relationships, and ethical business practices. Firstly, the company's primary edge lies in its customer-centric approach. MB Pneumatyka goes beyond merely selling products by providing comprehensive solutions tailored to each

²⁶ According to NACE Rev. 2 – please check the technical instructions included in this document (pg. 9).

customer's needs. This involves sending engineers to work directly with customers to optimize their vehicle technology using MB Pneumatyka's fittings, ensuring a bespoke solution that enhances efficiency and effectiveness.

Innovation is another critical component of MB Pneumatyka's competitive advantage. The company consistently develops and introduces new products, applying for patents annually to maintain a cutting-edge position in the market. Although innovation alone does not fully differentiate the company due to the industry's high patent activity, it remains a crucial aspect of its competitive strategy.

The company's focus on building long-term customer relationships is a significant differentiator. MB Pneumatyka prioritizes long-term partnerships over one-off sales, resulting in lower margins but fostering customer loyalty and sustained business relationships. This commitment to customer service includes addressing and resolving complaints promptly and effectively, which builds trust and reliability.

As a family-owned business, MB Pneumatyka upholds values of people, respect, and reputation. These values are deeply embedded in the company's operations, translating into ethical business practices such as avoiding bribes and maintaining transparency. This moral stance enhances the company's reputation and trustworthiness.

The company also places significant emphasis on its workforce. By hiring individuals with potential and providing extensive training, MB Pneumatyka ensures its employees are well-equipped to meet the company's standards and contribute to its innovative and customer-focused strategies.

Under the leadership of Małgorzata Bieniaszewska, the company exemplifies sustainable and ethical business practices. This leadership style is crucial in maintaining the company's values and driving its competitive advantage in a global market. The strategic international expansion further bolsters MB Pneumatyka's competitive position. Establishing a production facility in India demonstrates the company's approach to tapping into high-growth markets, enhancing its global footprint.

Lastly, MB Pneumatyka's ability to adapt during crises showcases its resilience and commitment to its values. The company retained employees during the COVID-19 pandemic and made principled decisions during the Ukraine conflict, underscoring its adaptability and ethical commitment.

Core lessons learned on the path to success

MB Pneumatyka's journey to success has imparted several valuable lessons integral to its growth and resilience. These core lessons offer a blueprint for building a thriving and sustainable business. The four main lessons are:

- Commitment to innovation as a critical driver. Continuously developing new products and applying for patents annually have kept the company at the forefront of the industry. Innovation is not just about staying relevant; it drives competitiveness and helps maintain a cutting-edge position in the market. In this respect, having one's R&D team is a crucial commitment.
- Building long-term relationships instead of focusing on short-term sales fosters customer loyalty, ensuring a stable and growing customer base, even if it sometimes results in lower margins. High customer service standards are integral to maintaining a positive reputation and ensuring customer satisfaction. Promptly and effectively resolving customer complaints fosters trust and reliability, which are essential for long-term success.

- Ethical business practices, such as upholding respect and transparency, have been crucial. Avoiding unethical practices enhances the company's reputation and trustworthiness, which are invaluable assets in the business world.
- Investing in the workforce by hiring individuals with potential and providing comprehensive training ensures that employees are well-equipped to contribute to the company's success. A skilled and dedicated workforce is one of the company's most significant assets.

COVID-19 pandemic experience

The COVID-19 pandemic was a challenging experience. MB Pneumatics, recalling the difficult time of the 2008-2009 crisis when it laid off many employees, which, in retrospect, the owner now views as short-sighted and painful, has decided to retain all employees. The mode and rules of work were adapted to the new conditions and sanitary requirements. However, the production was conducted on-site, while the administration was remote. The stoppage of the automotive market, however, resulted in a lack of orders, at which point the team spirit developed over the years by the owner kicked in. The entire staff team took it upon themselves to look for customers outside the existing industry. Employees also recorded themselves on FB and talked about the personal challenges of changing living conditions. Over time, orders came in for various products that proved to be needed. Although the pandemic period was professionally very challenging, it showed the owner that she had a very close-knit team who knew and understood the business's purpose and saw a place for themselves in achieving it. It also showed certain, sometimes value-free, attitudes of the company's competitors.

War in Ukraine experience

During the war crisis in Ukraine, particularly at the outset of the conflict, tough decisions had to be made, often resulting in significant financial losses. MB Pneumatics' managers decided not to send an order that had been completed for a customer from Russia. The company lost two customers from this country during this time. Forbes magazine reports Bieniaszewska's testimony: *"On the day the war broke out, we were just packing a shipment to a customer from Russia. I met with the employees because we also employ Ukrainians, and said: "Listen, we are supporting you, we are sending money, we are bringing people, families." Later, the sales manager asked: "Margaret, what are we doing about the shipping to Russia?". The board recommended that we not send it, but I took it upon myself, and we sent it. I figured the losses would be huge. I was up all night. The next day, I convened the board again, and we informed the Russian customers that we would no longer continue to do business with them. Depending on the month, it meant a loss of between 5 and 10 percent of revenue. At first, I wanted to look at it purely in business terms, but I could not. Consequently, I am proud of it, even more so of my team. I was the one who was breaking even. They had no doubts."*²⁷

Management and leadership development needs

MB Pneumatyka faces several critical challenges in management and leadership development, primarily focused on enhancing project management competencies and improving organizational communication.

One of the foremost challenges identified by the company is the development of project management skills. The increasing number of projects has highlighted a significant gap in time management and project oversight. Despite frequent suggestions to hire additional staff, the

²⁷ <https://www.forbes.pl/forbeswomen/polski-biznes-w-indiach-malgorzata-bieniaszewska-z-mb-pneumatyka/h2h9zs1>

core issue appears to be a deficiency in effective project management practices. This necessitates targeted training and development programs to equip the current workforce with the necessary skills to manage projects more efficiently and effectively.

Another critical area for development is communication. MB Pneumatyka acknowledges the importance of understanding diverse communication styles and personalities, which is essential for fostering individual motivation and team cohesion. The company employs neurodiverse individuals, and initial experiences have revealed gaps in handling such diversity. Addressing these shortcomings through comprehensive communication training ensures that all employees feel understood and valued.

As observed in the company's international experiences, there is a recognized need to separate marketing from sales more distinctly in the marketing domain. Unlike in Poland, where marketing and sales are often intertwined, countries like India treat them as distinct functions. Developing a nuanced and effective marketing strategy, particularly for social media, remains a significant challenge. Despite the challenges of promoting industrial products, such as automotive fittings, on platforms like Facebook and LinkedIn, the company's leadership actively shares managerial and leadership insights to establish a solid online presence.

The company's response to crises, such as the COVID-19 pandemic and the war in Ukraine, highlighted the need for robust crisis management skills. Retaining all employees during the pandemic and making ethical decisions during the Ukraine conflict demonstrated the importance of maintaining team spirit and ethical leadership even in financially challenging situations.

Financing and regulatory environment development needs

Navigating financial and regulatory landscapes presents another significant development need. The company's financial transparency is an asset, but Poland's complex and often ambiguous regulatory environment poses challenges. Securing adequate funding for expansion and innovation is crucial. The company must continuously explore and apply for grants, loans, and other financial support mechanisms, which can be cumbersome and time-consuming. Economic instability, whether due to global market fluctuations or local economic conditions, adds complexity to financial planning and risk management. Ensuring compliance while leveraging available financial opportunities requires meticulous understanding and strategic planning.

Another significant challenge is staying up-to-date with and adapting to rapidly changing laws and regulations. Businesses must remain informed and agile to ensure ongoing compliance and capitalize on regulatory changes that may benefit them. Participating in industry associations and advocacy groups can help influence regulatory changes and provide a platform for voicing concerns and suggestions to policymakers.

The cooperation between science and business in Poland is still evolving, and the mutual lack of understanding between academic institutions and the business community has decreased. MB Pneumatyka has taken steps to bridge this gap by introducing professional onboarding programs and detailed deployment schedules for interns from local technical schools. This initiative helps new employees gain a comprehensive understanding of the company's operations and fosters a sense of belonging and teamwork.

MB Pneumatyka: Innovating Tradition and Female Leadership in the Automotive Industry

Established in 2002 as a family endeavor, MB Pneumatyka traces its origins to visionary initiatives in the engineering landscape dating back to 1984. Specializing in manufacturing couplings for pneumatic systems in heavy commercial vehicles, the company has consistently

epitomized manufacturing excellence from its inception. With a strong focus on innovation and customer-centricity, MB Pneumatyka has secured a dominant position in the industry, commanding an impressive 80% market share in Poland and ranking among Europe's top four manufacturers.

A pivotal moment in the company's trajectory came with a change in leadership, ushering in Małgorzata Bieniaszewska as a prominent figure in the traditionally male-dominated manufacturing sector. Her journey underscores the challenges and opportunities women leaders face in such environments, breaking stereotypes and paving the way for greater diversity. Bieniaszewska's leadership style, marked by empathy, collaboration, and strong communication skills, has fostered a positive work environment and strengthened team dynamics, emphasizing respect and ethical practices. Under Bieniaszewska's leadership, the company successfully navigated development obstacles, recently establishing a respected presence in the Indian automotive sector. This expansion showcased MB Pneumatyka's adaptability and resilience, reinforcing its global reputation as a formidable industry leader.

The female leader's professional success raises interest in the company's ecosystem. In 2019, Małgorzata Bieniaszewska was appointed to the Presidential Council for Entrepreneurship. In 2020, Forbes magazine named her Forbes Women, BrandMe CEO 2020. Recently, together with Katarzyna Olszyńska, the owner has also published the book "*Leader not Ideal*," a collection of 14 lessons in effective leadership based on authentic stories from the life of the founder of MB Pneumatyka.

Committed to driving innovation, excellence, and sustainability, MB Pneumatyka adopts a leadership model that prioritizes employee well-being, community engagement, and environmental stewardship. Through initiatives ranging from volunteer programs to investments in renewable energy, the company remains committed to its mission of positively impacting society and the environment. Nowadays, the company is positioned at the forefront of pneumatic systems technology and is poised to shape the future while upholding a legacy of integrity and excellence.

Romania

1. Sanodor

Overview

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Company information

Industry: Manufacture of made-up textile articles (except apparel and underwear)

Year of Establishment 2014

Sales Revenues in 2017: 140,000 Euro

Sales Revenues in 2023: 1,3 million Euro

Average number of employees in 2023: 16

Brainer(s) behind the company: Oana and Cătălin Tatu

Nature of market leadership

Sanodor's expertise in wool allows the production of high-quality wool duvets that provide

optimal comfort and quality sleep through effective thermoregulation, draping and sustainable practices. The product filling is light, warm and odorless. The products are meticulously crafted to precise technical specifications to facilitate the transfer of moisture outside the bed, thereby regulating body temperature. While they cannot compete with the larger duvet manufacturers, they have identified and filled a niche market that is underserved by other manufacturers. They offer the highest quality wool duvets that are 100% natural, comfortable, durable and sustainable.

Nature of competitive advantage

Sanodor designs and manufactures high quality wool duvets that provide comfort and quality sleep through excellent thermoregulation, drapability and sustainability.

The main factors contributing to the company's success can be attributed to three key areas: innovation, responsiveness to customer needs, and fostering collaboration with small, family-owned businesses in Germany for both wool processing and linen. In addition, the company has developed customized equipment for removing odors from wool and offers a comprehensive range of duvets and bed linen in various sizes and thicknesses, tailored to the typical sleeping habits observed in the European Union.

Core lessons learned on the path to success

There are four key lessons:

1. Long-term success comes from serving the customer.
2. Develop a reliable system to collect feedback and involve your partners in the process (Sanodor use it every six months and randomly survey minimum 100 customers every year about their experiences)
3. Analyze your feedback and survey data. Sanodor reduced return and replacement rates.
4. Develop and adapt your products and services after listening to your customers (whether they buy directly or virtually, including social-media)

Management and leadership development needs

As Sanodor grows, the extended product lines, customized sizes and number of export countries, it needs to implement adequate systems to deal with high diversity / number of products and dimension range, according to country and sleeping habits. Now the number of customers and product portfolio is very large compared to a decade ago. As a result, it has become almost impossible to manage them using Excel files, purchase orders and email. This increased complexity has also made financial and performance analysis more difficult, and Sanodor will invest in an ERP system to improve its operations. Both employees and managers will learn, adapt and make a successful transition that will increase the efficiency and effectiveness of daily operations.

Piatra Neamț is a county capital, but relatively small. The city lacks professionals in finance, sales and marketing. There are few young, educated graduates. It's hard to find locals with expertise in digital design, image editing, and online marketing for sustainable products. These people should have the knowledge and expertise to manage relationships with international brands that work with Sanodor.

Financing and regulatory environment development needs

One of the main challenges for Sanodor is to adapt its business model and operations to price increases. Due to the very high inflation rate in Romania (9.7% in 2023 and projected to reach

5.9% in 2024 (European Commission, 2024, May 15), banks charged high interest rates for investment loans, and investment tax credits are disadvantageous compared to those from Germany. This made it difficult for Sanodor to compete in exports.

Romania had the highest annual inflation rate in August 2024 (5.3%), along with Belgium (4.3%) and Poland (4.0%). The countries with the lowest annual inflation rates were Lithuania (0.8%), Latvia (0.9%) and Ireland, Slovenia and Finland, which all registered 1.1% (Eurostat - Euro Indicators, 2024 September 18).

Over the past decade, the price of online advertising has increased tenfold. As more and more customers are now buying online, companies are allocating higher budgets for marketing and advertising. If in the first years of its existence Sanodor had a budget of 5% of its turnover for marketing, in 2024 it uses about 200,000 Euros, representing about 15% of its turnover. The company estimates that it would need 25% of its revenue for online promotion and marketing, but such an amount is not accessible. Sanodor would also benefit if universities became bridges between academic learning and the needs of the private sector for practical application of knowledge, needs that include the Small and Medium Enterprises (SMEs) sector.

Pandemic's Impact on "Hidden Champions" Business Approach

The first two weeks of the closure were very difficult as people stopped buying and Sanodor went into "survival mode". However, Sanodor saw an opportunity in the closure of brick-and-mortar stores such as Ikea, JISK and City Mall, as there were significant transportation difficulties. Many companies tried to cut costs and stopped online advertising, which was a great opportunity for Sanodor. They started online advertising with simple messages such as "Comfort from your home" and "A good night's sleep". But they were able to support local efforts to supply hospitals with masks, medical protective suits for surgeons and surgical suits for hospitals, using raw materials from the Piatra Neamț community. It was all quiet online. But even without export, by producing face masks and medical garments used during the SARS-CoV-2 pandemic, Sanodor had a higher turnover in 2020 than in 2019.

Effects of the Ukraine War on "Hidden Champions" Business Operations

Just after Sanodor invested in the new premises located in an industrial park on the outskirts of Piatra Neamț, the war in Ukraine started. The world stopped. Their foreign partners were frightened by the lack of information and uncertainty. They were kind and supportive, inviting Oana and Cătălin to come over as refugees. It was not necessary because everyday life in Romania was not affected by the war. There was a lot of stress, but not because of the conflict, which took place outside the country's borders. Probably the main causes were ambiguity, lack of clear and trustworthy information, which in turn fueled possible alarming and intimidating scenarios regarding fighting so close to the Romanian borders. It took some time to convince export partners to continue placing orders and that life in Romania was normal. Export kept them busy, especially from Canada and the UK. Soon online orders recovered and the company could function normally.

"We love wool"

Founded in 2014 by Oana and Cătălin Tatu as a family business, the company produces duvets, pillows, mattress protectors and bed linen using natural, high quality raw materials, unbleached and undyed. After 1990, everything that was imported was considered better by most Romanians. Thus, the 5 cm thick woollen blankets used by our grandparents disappeared. But Oana and Cătălin saw that wool was used in USA, France, Australia, UK, Spain, Denmark and all

over Europe. They decided that through education, it should become popular also among Romanians living in houses and apartments. But wool was associated with bad smell (like naphthalene used to protect it from clothes moths) and prickling. So, they started their journey to improve wool duvets, benefiting from Cătălin's knowledge and expertise as a textile engineer.

Their first customers were people over 60 years old who could no longer buy from the old village workshop that used to make thick wool duvets, as they all closed down for lack of customers. This market segment was happy to find a high quality equivalent wool product that was 100% natural, lighter, odorless, beautifully designed and incredibly comfortable. Based on their experience, they repeated the purchase and sent the product to their children abroad in Italy, Spain and the UK, to name just a few EU countries. And the kids loved it, so Sanodor decided to open its online stores.

They started working with a Romanian wool specialist and together they developed the first wool filling for duvets according to Sanodor's technical specifications. The result had a spectacular effect on the quality of the product, which has since been continuously improved. Many customers who ordered a duvet found it to be far beyond their expectations. They did not believe that it could provide so much comfort, as their reaction was "I have not slept so well since I was a child". Such sincere and emotional feedback on the websites gave Oana and Cătălin a positive, vibrant energy that made them eager to come to work every day.

A decade ago, the investment was small and the price of the product was high compared to salaries, rent and taxes, allowing the company to be self-financing.

Their love for wool and successive improvements based on research and innovation allowed them to develop a duvet that is light, warm and odorless. It wicks moisture out of the bed and regulates body temperature. In order to design and manufacture the highest quality duvet, they compared competitive products in terms of comfort, durability, sustainability and health hazards.

To continue to grow in international markets, Sanodor needed a larger volume of high-quality wool filling. It had to be produced according to their technical specifications and certified in the EU and worldwide. The challenge they faced was to find a strategic partner who could reliably supply high quality wool according to Sanodor's design requirements. They identified and developed a strategic partnership with a small German family business with a long tradition in wool processing. There were several iterations from the first sample of filling provided to the German partner until, based on Sanodor's feedback, they produced an excellent wool filling that met all the technical criteria. Sanodor uses only natural, high-quality materials for the linen. It has a very specific density/m², physical structure and composition. This gives the filling a high thermoregulatory capacity, which is the main function of the duvets. This combination also enables excellent draping as the ability to stay in contact with the human body. The only duvets that have a higher draping capacity are those with silk fillings, but silk has a lower thermoregulatory capacity compared to Sanodor's wool. Goose down fillings have excellent thermoregulatory capacity, but poor draping.

Comfort includes both thermoregulation and drapability. Innovation has allowed them to design specific densities/m² for thin and thick duvets adapted to specific temperature ranges (i.e. 18⁰-22⁰C, 23⁰-26⁰C or four seasons sets) with excellent thermoregulating and draping capacity. They are superior to quilts made of goose down, cotton, silk, polyester or microfiber. Wool also has a natural fire resistance and low price for the technical proprieties that it provides.

Conventional sewing machines used in the manufacturing process were a technical limitation

to increase sales and growth of the company. Therefore, in 2018, the company purchased a CNC quilting machine with EU funding, which improved quality, productivity and product variety.

Although it is a significant cost for the company, attending important trade fairs such as Heimtextil in Frankfurt every year has given Sanodor the opportunity to see and be seen, to learn about the latest trends in colors and materials, and to attract export customers. Today, about 40% of the company's turnover comes from exports to the UK, USA and EU countries.

The key factors for success are innovation to solve customer needs, cooperation with small family businesses in Germany for both wool processing and linen, custom made equipment to remove odor from wool, and a large range of duvet and linen sizes and thicknesses based on EU sleeping habits.

There are over 30 duvet sizes in Europe, with significant differences from northern to southern countries. Analyzing different cultures shows that people sleep in different bed sizes, some use a single large bed mattress while others use two single mattresses to allow for different softness and duvet. Some like their house to be very warm in winter, while others keep it cold. Sanodor has seen this range of behavior as an opportunity to adapt to customer needs and increase its product diversity to respond to market diversity. Unable to compete with the large duvet manufacturers, they focused on niches that were not well served. They concentrated on high quality duvets with wool filling.

Finding and educating customers about comfort and a good night's sleep is one of the company's future challenges, as sometimes people decide to buy based on price alone.

The company encourages employee involvement and responsibility for quality. They will report any problems on the production line that may affect the quality of the duvet. If they can, they will be adequately addressed and resolved or will ask for help and technical support.

The company now serves a large customer base and offers a wide range of products. As a result, it has become increasingly difficult to manage these processes using Excel files, purchase orders, and email. The increased complexity has also made financial and performance analysis more difficult. In response, Sanodor is ready to invest in an ERP system to improve operational efficiency.

Piatra Neamț, where Sanodor is located, is a county capital, but is relatively small compared to larger cities. As a result, the city fails to attract a significant number of highly qualified professionals in finance, sales and marketing. There is a lack of young, well-educated graduates choosing to work and live in the city. It is difficult to find locals with expertise in digital design and image editing, content creation, and online marketing for sustainable products. These individuals should be able to manage the interface and relationships with international brands and online stores where the company operates online. Sanodor has developed a system to collect customer feedback through a variety of channels, including social media, online stores, and direct requests for feedback at specific intervals, namely sixty days, one year, three years, and five years from the date of purchase. On an annual basis, they and their international partners conduct surveys of 100 new and existing customers. Using a random sample, they ask for feedback and satisfaction using standardized questions. The data is then analyzed with the goal of improving the quality of their products. This includes reducing the number of returns or product replacements.

2. Electra Group

Overview

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<https://www.pcb-electra.ro>, <https://www.electra-automation.at>,
<https://www.bellcome.com/en>

Company information

Industry: Manufacture of loaded electronic boards (loaded printed circuit boards), manufacture of communication equipment (door phones)

Year of Establishment: 1991

Sales Revenues in 2017: 7.31 million euros

Sales Revenues in 2023: 8.44 million euros

Average number of employees in 2023: 126

Brainer behind the company: Marian Berdan, CEO

Nature of market leadership

As it enters its 35th year of operations, Electra Group maintains its position as the dominant player in the Romanian access control market. The company's product range includes access control, interphone systems, and door phones, which it designs, manufactures, and provides services for. With an 80% market share in Romania, the company has expanded its operations internationally, with exports accounting for approximately 30% of its total revenue. The company has established an office in Vienna, Austria (ELEKTRA Building Communications GmbH), through which it oversees the international distribution of BELLCOME products. The company's products are available for purchase via the online platform Conrad. The group is currently active in Austria, Germany, Switzerland, Belgium, Northern Africa, Great Britain, Poland, and the Republic of Moldova.

Nature of competitive advantage

The competitive advantage of the Electra Group is shaped by a combination of technological and cultural factors.

Technological drivers include research and development (R&D) and in-house manufacturing capabilities.

The company's expertise and experience in R&D are crucial factors that contribute to its competitive advantage and enable it to maintain a strong presence in the market, particularly in the context of a shrinking product lifecycle. The Electra Group allocates approximately half a million euros annually to its research and development team. The products were designed with aesthetic appeal and user-friendly features and interfaces. Over the years, the company has been awarded several patents and certificates of industrial design by the State Office for Inventions and Trademarks (OSIM Bucharest).

It is a daunting task to manufacture products to the requisite specifications, and the challenges faced by engineering companies in integrating their production systems are often undervalued by the general public. For Electra, the context is even more challenging due to the lack of alternative small suppliers in its geographical vicinity that could provide parts and subassemblies, thereby supporting horizontal integration.

Prior to the advent of the pandemic, Electra made a substantial investment and relocated to its

new 11,000-square-meter, state-of-the-art facilities. The modern design facilitated the integration of workflows within the company's specialized compartments, with each compartment benefiting from new and highly efficient machinery and industrial robots. These endeavors enhanced operational efficacy and enabled the company to effectively compete against East Asian rivals.

From a cultural standpoint, the company benefits from Mr. Berdan's personality and leadership style. The company's success can be attributed to its vision and perseverance in achieving its goals. He recognized the necessity of a competent human resources (HR) workforce and implemented effective policies to recruit and retain individuals with a proclivity for technical pursuits. There is no other engineering company in Iași that offers its employees the opportunity to express their creativity, flourish, and take pride in their achievements.

The company's business model enabled it to design and manufacture high-quality products and to install and service its systems through key partners in various locations throughout Romania. Electra has established robust internal mechanisms for monitoring customer needs and complaints. In the event that such monitoring identifies the need for assistance, the company is equipped to provide customers with fast and reliable customer service. A comparable operational model is employed in the company's international markets.

For 35 years, Electra has served as a trusted access point for Romanian customers "in Romanian pockets - as access key", as evidenced by the company's reputation for reliability and trustworthiness. Its interphones and control access systems have been instrumental in fostering this perception, establishing the brand as a reliable and dependable partner in the Romanian market.

Core lessons learned on the path to success

The company's culture is guided by six core values:

1. Passion - The company's dedication to the design and manufacture of video and audio door phones and access control systems is a reflection of its substantial experience and the multitude of potential avenues for growth. The company is thus prepared for new opportunities and growth, ensuring that the Electra Group will be ready to capitalize on these developments when they arise.
2. Innovation is a prerequisite for progress. In order to maintain a competitive advantage, it is essential to continuously monitor customer needs, emerging technologies, and design trends.
3. Quality – The path to achieving it is not one that can be bypassed. Such a strategy necessitates a long-term commitment and investments in order to ensure survival and success in the marketplace.
4. Simplicity and elegance – the products were designed by professionals to be aesthetically pleasing, elegant, and modern, while also being technically sophisticated, Electra's products are "complex but not complicated".
5. Authenticity is another key aspect of our design philosophy. We endeavor to create a 100% Romanian product that reflects pride and quality, and is worthy of the Romanian reputation for excellence.
6. Respect for people – Electra places a premium on the value of its human capital and is committed to ongoing HR investment, ensuring that employees are a primary asset for the company. These factors enable the company to provide customers with superior products across the R&D, manufacturing, and support phases. The use of state-of-the-art technology allows for the reduction of costs while simultaneously minimizing the number of defects.

Management and leadership development needs

Although there are no apparent deficiencies in terms of knowledge, competencies, or skills, CEO Marian Berdan is preoccupied with the company's succession, which is a family business (as he owns 80% of the company). One potential avenue for consideration is the listing of the company on the Bucharest Stock Exchange.

Financing and regulatory environment development needs

Electra is currently pursuing further development based on an analysis of market knowledge and growth potential. The company has access to modern manufacturing equipment, a highly qualified workforce, and optimized production flows.

While robust domestic demand is fueling growth, ongoing wage increases and a projected high government deficit, according to EU forecasts (European Commission, 2024, May 15), are posing challenges. In light of the aforementioned economic projections, which indicate a lack of legislative and fiscal predictability, Mr. Berdan has chosen to refrain from pursuing any further investment opportunities or projects funded by the European Union.

In its ongoing pursuit of growth, Electra is seeking to extend its product range to encompass small buildings. This strategic decision is based on the company's substantial expertise in the domain of large-scale residential complexes. In the context of the ongoing conflict in Ukraine, the company has become increasingly aware of the necessity for enhanced data protection and digitalization for video interphones, which now encompass data transmission, sound, and video stream. In order to address these needs, it is imperative that more robust security protocols and protection against cyber-attacks be implemented. In addition to the imperative of incorporating novel and enhanced functionality into its product range, Electra must persist in its endeavors to further reduce production costs through the implementation of design principles aimed at facilitating automated assembly and automation.

Pandemic's Impact on "Hidden Champions" Business Approach

The company demonstrated resilience and adaptability during the SARS-CoV-2 pandemic by maintaining continuous operations. All recommended measures for preventing virus transmission were implemented, and the company became compliant with medical protocols. Furthermore, the company was fortunate to have a sufficient supply of raw materials, which allowed it to focus on manufacturing.

Conrad Electronic offered the company the opportunity to expand its reach into the European market, where at that time its larger Chinese rivals such as Hikvision and Huawei were not present. Throughout the majority of the pandemic, Electra was the sole Eastern European supplier. Consequently, individuals with access to the Conrad distribution system procured and installed Electra systems in their residences. Detailed instructions were developed to facilitate customer-driven installation of the systems, eliminating the necessity for external technical assistance. The equipment was aesthetically pleasing and dependable, performing admirably in the domestic settings in which it was installed.

Effects of the Ukraine War on "Hidden Champions" Business Operations

The conflict in Ukraine had no discernible impact on the Electra Group, either in terms of its operations in Romania or its global customer base. As a consequence of the company's policy of self-reliance in terms of in-house manufacturing, the potential impact of any disruption in the supply chain is minimal.

Tenacity and Determination in Pursuing a Dream

As it enters its 35th year of operations, Electra Group remains the dominant player in the access control market. The company has maintained its market share of over 80% in Romania based on the superior quality of its products, which have over time been perceived as reliable and trustworthy by end-users. In order to adequately manage and coordinate the complexity of the R&D and manufacturing system, the Electra Group was formed in 2008 through the division of the production facilities into three specialized firms. The Electra Group comprises three distinct entities:

1. ELECTRA, a producer of video door phones and access control systems.
2. PCB-ELECTRA, a producer of printed circuit boards and
3. EMS-ELECTRA, a supplier of SMD & THT electronic assembly services.

The group has since expanded and now operates an office in Vienna, Austria (ELECTRA Building Communications GmbH), as well as a BELLCOME international products brand, which has enabled the creation of an international distribution network. The company operates in Austria, Germany, Switzerland, Belgium, Great Britain, Poland, and the Republic of Moldova.

The company's product range has evolved from the PASS Analog to the PASS Digital and, most recently, the Touch Line (comprising the Smart+, Extra and Security models) and Access Line ranges. This evolution is the result of the company's innovative design capabilities.

The latest developments incorporate more complex functions, such as access control (including video interphone) to a specific apartment from a large residential compound using any of multiple entrances/access points. The Touch Line – 4 Wires system may be installed in residential buildings with one to eight families and apartment buildings with up to 40 apartments. The Touch Line – Residential system may be installed in buildings with up to 255 apartments and provides solutions for residential centers. The product range is designed to appeal to both Romanian and international customers, offering a sophisticated yet accessible selection of items characterized by a natural and enduring elegance. The product is manufactured from chemically toughened glass, which ensures that it is resistant to scratching and shocks, impermeable, easy to maintain, and retains its polished appearance over time. Its minimalist design combines intuitive functionality with advanced technical specifications. The slim design, premium appearance, and accessible prices of these products provide appropriate solutions for houses, apartment buildings, and residential centers.

The company's success can be attributed to two key factors: innovation and passion. Marian Berdan, the company's founder and CEO, is an advocate of resilience. In order to achieve one's aspirations, it is imperative to persevere in the pursuit of one's goals.

Romanian customers are aware that, over time, should their existing Interphone system require servicing, they can rely on Electra to dispatch a team to address the issue. Moreover, customers have the option to upgrade their access control system with a new, state-of-the-art Electra model.

Operating from a new, modern, aesthetically pleasing, and functionally efficient 11,000-square-meter facility, Electra allocates a significant portion of its resources toward innovation, with approximately half a million euros dedicated to research and development salaries. Additionally, the company manufactures over 90% of its products internally across all three specialized entities that comprise the group. The facility contains a number of specialized compartments, some of which serve the entire Electra Group. The most significant of these is the research and development (R&D) department, which comprises mechanical engineers specializing in die design and manufacture, electrical and electronics engineers responsible for circuit board design, and technicians.

PCB-Electra is responsible for circuit design, while the shop floor is equipped with machinery that manufactures and tests circuits prior to and following the assembly of electronic components. This process significantly reduces the incidence of defects. EMS-Electra has access to specialized equipment and robotic systems for electronic and mechanical assembly.

A dedicated area on the production floor is allocated to injection molding, while another is designated for mechanical operations involving presses and dies, which are used to manufacture mechanical parts and various types of cases or enclosures for electronic devices. The integration of production facilities has enabled Electra to become self-reliant, reduce product manufacturing time, defect rates, and costs. It is regrettable that other smaller Romanian producers of interphones and access control systems were unable to withstand the competition from eastern Asian manufacturers and subsequently ceased operations.

A portion of the research and development team is dedicated to the advancement of robotized assembly design. Such endeavors are oriented toward reducing costs and enhancing quality, necessitating that Electra invest in cutting-edge equipment and technology. The products are now designed with the objective of facilitating automatic assembly, and the plant has six operational robots. Plans have been made to introduce another six robots over the next couple of years, including robots for plastic molding. In order to maintain its competitive advantage, the Electra Group must enhance functionality with new features while simultaneously reducing costs and improving quality through automation and robotization.

Furthermore, Electra regularly exhibits at international trade fairs, including Light + Building in Frankfurt and Expo Seguridat in Mexico. Such attendance offers the opportunity to gain insight into the latest products on the market, to learn from the experience of exposure to these products, and to gain an understanding of the needs and desires of potential customers. Such interactions provide a robust foundation upon which to base future product redesigns and improvements.

One of the challenges currently facing the Electra Group is the introduction of a product range for houses and small buildings, based on the company's considerable expertise in the field of large residential complexes. Another challenge that has emerged since the onset of the Ukraine war is the protection of data and the digitalization of video interphones, which now include data transmission, sound, and video streams. These systems require enhanced security protocols and protection from cyber-attacks. One of the future challenges for Electra is identifying an appropriate successor who will continue and build upon Mr. Berdan's values and results, as he owns 80% of the business. One potential outcome is listing the company on the Bucharest Stock Exchange (BSE).

3. Romsoft

Overview

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Company information

Industry: Computer programming activities

Year of Establishment 2001

Sales Revenues in 2017: 2.63 million euros

Sales Revenues in 2023: 5.66 million euros

Average number of employees in 2023: 117

Brainer behind the company: Dorin Cristea, CEO and founder

Nature of market leadership

Romsoft is a provider of unique, customized software development solutions for its clients. As the software packages are integrated into their clients' applications, he can be considered a "hidden" champion. Approximately 40% of the company's sales turnover is derived from the medical industry. Its scope encompasses applications tailored to specific laboratories, automated robots deployed within medical laboratory settings, and blockchain technology in the medical industry. Additionally, the company produces specific software programs for the management of medical data for a big medical company in Germany, a branch of a Japanese corporation. Such collaboration necessitated adherence to all pertinent quality standards for software in the medical industry. Additionally, the applications developed for desktop, software as a service (SaaS), mobile, and add-ons to PowerPoint for Office Timeline, which accounts for approximately half of its revenue, are also classified as "hidden." The remaining 10% is derived from their participation as partners or beneficiaries in international and national research grants.

Nature of competitive advantage

The company demonstrates considerable expertise in the application of artificial intelligence (AI) and machine learning (ML) for image recognition. Such examples include quality control in the automotive industry for sub-assemblies that require visual inspection and medical Imagistics that may support physicians' diagnoses and decision-making processes. Moreover, the company possesses expertise in blockchain technology, which facilitates information sharing within a business network. This sophisticated database mechanism stores data blocks that are linked together in a chain.

The medical laboratory industry provides a reliable source of revenue, exhibiting minimal fluctuations in sales during periods of economic downturn or expansion.

With over two decades of experience, competitive pricing, a highly skilled workforce, reliable software solutions and maintenance, and a commitment to long-term customer relationships, Romsoft has established itself as a reliable partner in the industry.

Core lessons learned on the path to success

The companies for which the software is being developed tend to be discreet regarding their suppliers, particularly if the supplier provides excellent value for money and maintains a competitive edge. Consequently, Romsoft proceeded to further develop its ecosystem in collaboration with its major customers, with a view to grasping and anticipating the needs and requirements of the end user. The value created is contingent upon a company culture that is predicated on a positive work environment, wherein human resources (HR) are duly compensated in terms of personal development, flexibility, and performance-related pay. A system of compensated time off is made available to employees who require time to acquire new knowledge and skills.

Engaging Romsoft as a partner in international research programs in collaboration with foreign universities and research entities not only generates revenue for the company but also has a beneficial impact on its human resources. Such involvement offers opportunities for professional growth, learning, and new challenges that would make the participating

employees proud of their achievements, enhance their esteem, and facilitate their self-actualization.

Management and leadership development needs

Romsoft maintains a competitive position by remaining well integrated within the ecosystems of its key clients. However, considering the particularities of their services and the company's integration within their ecosystems, Romsoft does not have a sales department. Just a business development unit, with an underdeveloped sales subdivision that needs further development based on enhanced cooperation with Romsoft key customers.

Financing and regulatory environment development needs

While the Romanian government implemented a substantial increase in taxation for the Information and Communication Technology (ICT) sector in 2018, the primary challenge confronting the company is the imperative to enhance remuneration for HR, which elevates operational expenses. This phenomenon persists even when all HR personnel originate from Romania, as stipulated by major clients for personnel engaged in their projects. While inflation does not represent a concern for the company, the lack of legislative stability, predictability, and the extremely high deficit based on borrowing must be addressed for the benefit of a healthier Romanian economy.

Although the company recruits some graduates who are pursuing doctoral studies or have already obtained a doctoral degree, it would be advantageous if the legislative framework were less conservative and permitted universities to update their curricula more rapidly, thereby aligning them with the frequent changes occurring across industries. In the field of information and communication technology (ICT), it would be advantageous for curricula to encompass the most recent software (such as Java) and technologies, as some of the taught material is three to five years old.

Pandemic's Impact on "Hidden Champions" Business Approach

For a considerable proportion of employees in the ICT sector, the option of working from home has become a standard expectation. However, over time, there has been a notable shift in staff behavior, with only 10% of them currently reporting to the physical office. This transformation has been propelled by a desire for enhanced autonomy over both personal and professional domains. Notwithstanding the apparent reduction in physical contact, work performance has remained consistent. One challenge associated with remote work is the potential for employees to feel less connected and engaged with the company, given the lack of regular physical interaction. Such circumstances could conceivably result in feelings of alienation.

Effects of the Ukraine War on "Hidden Champions" Business Operations

The conflict in Ukraine had no discernible impact on the company's operations. Neither their established and loyal customer base nor their research partners in international projects exerted any influence on business activities. However, in the ICT market, a prospective major client from the US tourism industry, who had previously engaged in discussions and appeared to be prepared to enter into a contractual agreement, likely became deterred by the proximity of the conflict to the Romanian border and ceased negotiations.

"Hidden" in Key Customers' Ecosystem, Swelling in International Research Projects

Founded by Dorin Cristea and Nicu Popescu in 2001, Romsoft benefited from their expertise,

enthusiasm and professionalism. The software company has a unique blend of stability and engagement in challenging projects by providing custom made software and applications for its clients. Their major areas of expertise include the medical industry, office applications for desktop, mobile, add-in and participation in international research projects whereas a partner Romsoft holds

specific knowledge and expertise.

The custom-made software for medical analysis focuses on automatization in laboratory work, blockchain and health data collection and analysis integrated in various medical data management applications. Romsoft is responsible for developing software solutions and it is recognized as a stable and reliable provider. Being “Hidden” with SYSMEX Europe’ ecosystem. Therefore, any of the classical marketing mechanisms cannot be applied because are not relevant. Due to its cooperation within SYSMEX Europe, its quality management system is compliant with specific standards required by software for medical devices such as IEC 62304 and ISO 13485 and was successfully audited, as part of Sysmex Integrated Quality Management System.

Romsoft success bases on competitive prices for software solutions in Eastern Europe, long term cooperation with key customers, know-how and integration in software development processes and excellence in software quality. The company does not make specific efforts to maintain its major clients. It just focuses on doing a job well done day after day.

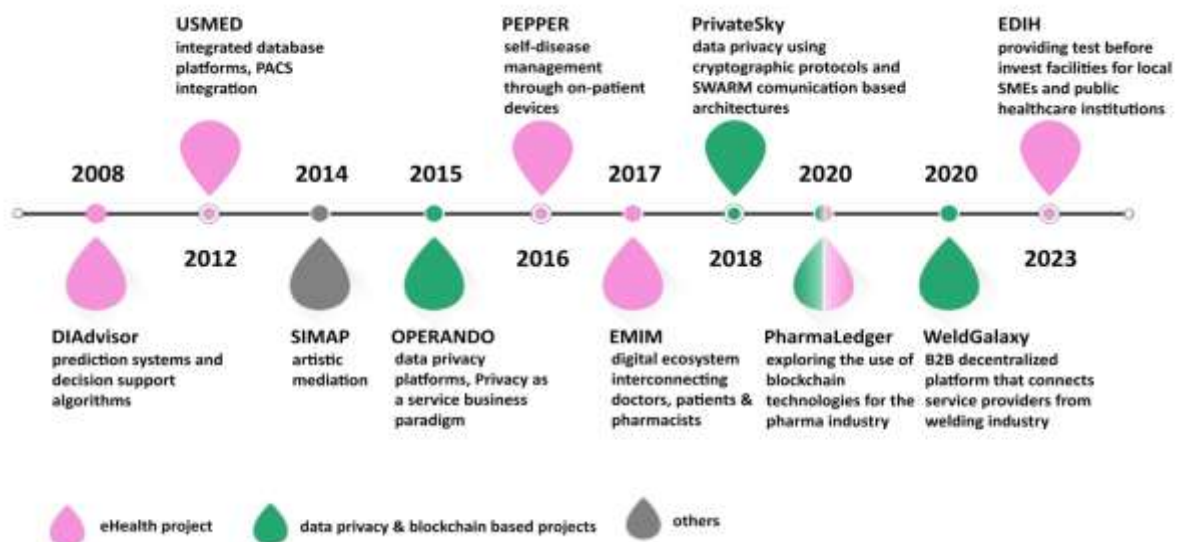


Figure. International projects where Romsoft was involved since 2008 classified on their specific expertise. (Source – Rom soft internal document)

There are mechanisms to identify and understand customer and end-user’s needs, which are transformed into specific features and included in the software, so the computer program does what the customer expects it to do. These continuous improvement steps provide stability, trust and reliability built in its 24 years of existence leading to confidence in future symbiosis and cooperation.

Software quality would not be possible without excellent HR. They are creative, satisfied with their flat and flexible culture and benefits. There are opportunities for personal development, growth and performance-based promotions, employees being proud of the results of their work.

Partnership in many projects since 2008 (see figure 3.1), the company provided expertise in three categories of research: eHealth, data privacy & blockchain and others.

EMIM is a free online management platform developed by Romsoft for doctors, patients, and pharmacists. It is designed to simplify data administration and management, providing quick access to patient medical information and improving collaboration between healthcare professionals.

The platform primarily serves doctors who want to manage their practices in a virtual, integrated environment. EMIM allows the creation of a virtual practice from scratch and offers features such as appointment scheduling, service management, payment tracking, inventory control, and online communication with laboratories. Both doctors and patients can access the platform directly from a browser, without the need to install any software. With patient consent, doctors can securely share medical records with other practices. Moreover, EMIM supports telemedicine for remote consultations.

Coordinated by Alexandru Ioan Cuza University from Iași, Romania, the PrivateSky project aims to develop an open-source, decentralized platform for secure data sharing and privacy management.

It seeks to enable individuals and organizations to maintain control over their data while sharing it in a secure, trusted environment. By leveraging advanced cryptographic techniques and blockchain technology, PrivateSky facilitates privacy-preserving decentralized applications (dApps), addressing the needs of privacy-sensitive sectors such as healthcare, finance, and supply chain management. Romsoft provided essential technical support in designing the platform's architecture and implementing various decentralized applications. Their expertise ensured the platform's scalability, security, and user-friendliness, allowing it to serve real-world use cases. Romsoft's contributions helped bridge the gap between the theoretical framework and practical solutions, bringing blockchain-enabled privacy tools to a wide range of industries. WeldGalaxy is a European initiative designed to create a digital marketplace that connects manufacturers, suppliers, and end-users in the welding industry. The platform facilitates the exchange of welding equipment, consumables, and services while fostering collaboration and innovation. Leveraging PrivateSky technologies, WeldGalaxy ensures secure and decentralized data sharing, allowing stakeholders to conduct business with trust and transparency. Romsoft developed a decentralized tendering/bidding application for materials used in the welding industry. This dApp, powered by blockchain, enables suppliers and buyers to securely submit and manage bids, ensuring the confidentiality and integrity of sensitive business information throughout the process. Romsoft's contributions provided a robust solution for streamlining procurement and bidding while maintaining privacy and security within the WeldGalaxy ecosystem.

PharmaLedger is a collaborative initiative that involves various stakeholders across the healthcare industry, including pharmaceutical companies, regulators, healthcare providers, and technology firms. The project's primary focus is on using blockchain technology to improve transparency, security, and efficiency within the healthcare ecosystem. It aims to create a blockchain-based platform that addresses key challenges like counterfeit drugs, supply chain inefficiencies, patient data security, and clinical trial management. By leveraging blockchain's decentralized and immutable nature, it seeks to build trust among all participants while promoting innovation in healthcare solutions. As a key technology partner, Romsoft brings in its expertise in software development and healthcare technology and supports the design and implementation of blockchain-based solutions within the project's framework. Its primary focus is to create the technical architecture that supports various healthcare applications using blockchain technology.

The DiZ-EDIH (Digital Innovation Zone - European Digital Innovation Hub) project is part of the

European Commission's initiative to establish a network of hubs that drive digital transformation across Europe. These hubs provide small and medium-sized enterprises (SMEs) and public organizations with access to cutting-edge digital technologies, expertise, and support. The goal of DiZ-EDIH is to foster the adoption of advanced digital solutions such as artificial intelligence, cybersecurity, and big data, helping businesses improve efficiency, innovation, and competitiveness. The project is particularly focused on underdeveloped regions, aiming to bridge the digital divide and promote innovation in key sectors like healthcare, manufacturing, and agriculture.

RomSoft plays a key role in the DiZ-EDIH project, bringing its extensive expertise in software development and healthcare technology to support the digital transformation of the healthcare sector. RomSoft collaborates with healthcare providers such as clinics to create innovative digital solutions that improve patient care and streamline administrative processes. These solutions include systems that enable personalized medicine, allowing healthcare providers to offer more targeted treatments based on individual patient data. RomSoft also focuses on enhancing communication between doctors and patients through digital platforms that simplify appointment scheduling, facilitate real-time consultations, and provide easy access to medical records.

As part of DiZ-EDIH, RomSoft is also involved in helping healthcare providers integrate emerging technologies into their practices. By leveraging artificial intelligence and big data analytics, RomSoft enables clinics to gain deeper insights into patient health trends, optimize treatment plans, and improve overall patient outcomes. Through its involvement in DiZ-EDIH, RomSoft is helping to drive the digital revolution in healthcare, ensuring that both public and private healthcare organizations can harness the full potential of digital innovation to provide better, more personalized care to patients. Since 2017 Romsoft was a partner in five projects with a company's budget of 2,89 million euros and a total contribution of 0,57 million euros (see table 3.1).

Table. Detailed budgets for projects where Romsoft was partner since 2027

No.	PROJECT NAME	Business description	Grand Amount	RMS contribution	TOTAL budget
1	EMIM	eHEALTH	€ 535,337	€ 392,173	€ 927,510
2	PrivateSky	blockchain and data privacy	€ 139,862	€ 47,933	€ 187,795
3	WeldGalaxy	blockchain	€ 347,375	€ 132,192	€ 479,567
4	PharmaLedger	blockchain	€ 1,058,561	€ 0	€ 1,058,561
5	DiZ-eDIH	eHEALTH	€ 240,750	€ 0	€ 240,750
TOTAL BUDGET			€ 2,321,885	€ 572,298	€ 2,894,183

In Romsoft there are no periodic re-qualifications as all staff engage learning whenever new customer requirements, technologies and software requires it. Many have experience in working in international projects with distributed teams and all have and European Engineering Mindset.

Whilst the pressure on higher salaries affected Romsoft, the ICT industry is now affected by the economic crisis from other industries. Massive layoffs from large software companies including

the giants from United States had reduced the pressure on salary in Romania. Now the company can recruit highly skilled personnel much more easily. The company has excellent collaboration with universities from Iași for recruiting graduates, PhD students, providing internships placements and benefiting from specific development programs. Some of the HR come from Faculty of Automatic Control and Computer Engineering part of “Gheorghe Asachi” Technical University and Faculty of Computer Science at “Alexandru Ioan Cuza” University.

Serbia

1. BG Reklam

Overview

Address: 29. NOVEMBRA 1 M, Barajevo, Serbia

Tel: + 381 11 785 64 64

Fax: N/A

Email: info@bgreklam.rs

Web: www.bgreklam.rs

Company information

Industry: Printing

Year of establishment: 2001.

Sales Revenues in 2017: 4.7 Mil. EUR

Sales Revenues in 2023: 19.5 Mil. EUR

Average number of employees in 2023: 157

Brainer(s) behind the company: Luka Stanić, General Manager.

Nature of market leadership:

The company produces premium, permanent POS materials (POSM) that enable intensive lighting and a high level of interaction between customers and point of sales (POS). The company is a leader in Southeast Europe in the niche of premium, permanent POS materials.

2.1.2 Nature of competitive advantage:

The entire production process takes place in a single location and clients who cooperate with BG Reklam have their needs met in one place, enabling them to be focused on their core business instead of this part of the process since they get a turnkey.

Besides strong customer relations, the company also developed strong relationships with retailers.

Another important factor is related to sustainability, they have invested a lot in the past few years in this field. The company procures in a responsible way and designs the products to be recyclable after their lifetime. The sustainability of products and business distinguishes the company from competitors.

Core lessons learned on the path to success:

- When conquering developed markets, it is crucial to have an educated and experienced team that can gain the trust of clients in different developed markets
- Not only the sales team but the whole company team needs to have clients' confidence
- To achieve outstanding success, the team must constantly develop.

Company's development needs in terms of management and leadership:

There are needs that change constantly as the company grows.

- a) There are some positions that do not exist earlier such as video production (for presenting products and how it looks in the shop) and position related to ecology.
- b) When it comes to general most underdeveloped skills they are related to Certain back-office positions - supportive functions because they follow the company's growth not going ahead of the company's growth. On the other hand, production and sales are one step ahead of the company's growth.

Company's development needs in terms of financing or the regulatory environment in order to keep or advance business results:

The fact that Serbia is not in the EU created different challenges in terms of administration and export. In 2018, the company opened an office in Hamburg and thus solved its export problem.

BG Reklam, the Hidden Champion

Established in 2001, BG Reklam emerged from an entrepreneurial vision that began in a humble garage setting. Identified as a hidden champion in a 2018 study (Pitic et al., 2021), the company produces premium, durable POS materials designed for enhanced visibility and customer engagement, thereby elevating overall customer experience. By prioritizing innovation, BG Reklam has maintained its leadership position in Southeast Europe within the niche market of premium, permanent POS materials.

BG Reklam has sustained its market leadership through its steadfast commitment to innovation, consistently integrated into its POSM offerings. One key factor contributing to its success lies in its dedication to ongoing innovation driven by the specific requirements of global leaders like Google. By collaborating with a diverse range of industries—including cosmetics, consumer electronics, and tobacco—and operating across multiple markets, such as German-speaking regions, the UK, and BENELUX, BG Reklam leverages this cross-sector synergy to fortify and maintain its leadership position.

Since 2018, the company has faced increased competition, witnessed market consolidation, and observed a shift toward the premium segment within the industry. Besides consolidation, the COVID-19 pandemic has triggered significant market changes. Lockdown measures in Western Europe have led to a dramatic transformation in consumer behavior, with a notable decrease in investments in FMCG POS materials as online took the stand. Despite challenges, from 2018 to 2022, BG Reklam experienced substantial growth, with revenues doubling and exports rising to 96% of total revenues. In 2016, exports comprised over 50% of the company's revenue, a figure that increased to 70% by 2018, and in the subsequent two years, exports surpassed 90% of total revenues.

Every crisis harbors an opportunity for those capable of adapting to market shifts and emerging trends. The company's adaptability, often characterized by its ability to navigate ambiguity, was evident during the recent crisis. Despite the closure of traditional retail outlets, a substantial portion of retail activity shifted to gas stations. In response, the company demonstrated flexibility by swiftly adjusting to the regulations governing POSM at gas stations.

The COVID-19 pandemic highlighted that certain industries, such as cosmetics and consumer electronics, are less impacted by online sales, as consumers prefer to physically try products before purchasing. BG Reklam took a stand in this field. In addition to acknowledging market trends, the company attributes its success to continuous innovation and ongoing investment in its two core pillars: its workforce and technology. Leveraging insights gained from previous collaborations with global industry leaders, BG Reklam consistently applies its expertise and experience to each new project, even across different sectors.

In 2021, we detailed the expansion of the company's production process and highlighted the critical role of quality control in maintaining a leadership position. BG Reklam's primary competitive edge stems from its vertically integrated production process, which allows clients to fulfill all their needs under one roof. Years of collaboration with installation companies have equipped BG Reklam to take care of the installation as well as well. Clients can track this process through proprietary software developed in-house after 2018.

The COVID-19 crisis and the war in Ukraine affected the company similarly to other businesses, reflected in rising raw material prices and supply chain disruptions due to lockdowns. BG Reklam adapted to challenges and exhibits flexibility by continually evolving and upgrading its operations to meet customer demands. With the onset of COVID-19, clients' decision-making processes changed, prompting the company's initial investment in professional video recording equipment. Upon completing product samples, BG Reklam's skilled production team creates short videos showcasing the products, which are then sent to clients for approval. Once approved, production proceeds.

BG Reklam is not a supplier, but a strategic partner to its clients, underscoring its status as a hidden champion. The company excels in understanding and empathizing with its clients' needs, fostering enduring relationships built on trust and collaboration. In addition to client partnerships, BG Reklam has cultivated strong ties with other stakeholders in the value chain, including retailers.

BG Reklam is an innovative company built on a foundation of knowledge. The company prioritizes investment in its people, followed by substantial investments in research and development. BG Reklam excels in fostering a multifunctional team dynamic and placing employees at the forefront of digital transformation and innovation initiatives. Emphasizing a hands-off management approach, the company empowers employees as project owners, granting them autonomy—a crucial factor in fostering proactive behavior and facilitating the generation and implementation of innovative ideas. This leadership philosophy minimizes employee resistance to change, fostering a culture of adaptability and openness to new ideas and processes.

Sustainability can be regarded as the upcoming pivotal factor for hidden champions. Just as clients exert positive pressure for continuous innovation, there is a parallel trend towards global consensus on sustainability and renewable energy. This trend is clearly evident in the case of BG Reklam, as the company's clients are setting targets related to CO2 reduction. BG Reklam is deeply committed to sustainability and holds a 20400 ISO certificate, which underscores its dedication to responsible procurement practices. Moreover, in product design, BG Reklam prioritizes creating products that are recyclable at the end of their lifespan, further demonstrating its commitment to environmental sustainability.

2. DMV

Overview

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Fax: N/A

Email: info@dmv.rs

Web: <https://www.dmv.rs/>

Company information

Industry: Manufacturing industry

Production of measuring, research, and navigation instruments and devices

Year of establishment: 1991.

Sales Revenues in 2017: 3.5 Mil. EUR

Sales Revenues in 2023: 9.3 Mil. EUR

Average number of employees in 2023: 227

Brainer(s) behind the company: Dušan Šarković, Founder

Nature of market leadership:

DMV produces LED displays for a broad array of products, and particularly for traffic signalization and sport scoreboards. Three companies from China dominate the market where very large series with full color displays are involved. In the case of customized products, however, the series produced are substantially smaller and this allows for a much greater diversification of suppliers. DMV's position is the strongest in the market for adapted traffic signalization where standards are highest. In this market they are positioned among the 10 leading suppliers globally (three are Chinese, the rest European) and under certain specific circumstances they are among the top three.

Nature of competitive advantage:

The company's key advantage is the capacity to maintain and develop a very broad spectrum of different products, owing to an extreme cost effectiveness in product development. The latter is particularly high in the little standardized pictorial (rather than matrix) displays. The key to DMV's success has been possession of a software that helps it reduce the number of engineers needed to develop (not just reconfigure) a product's software to approximately a fifth of the number normally required. They were among the first to see the possibility of applying and combining different existing functions from different products, so they aimed to organize different technological characteristics in their software packages in such a way as to leave them accessible for new configurations. For example, a traffic statistics function embedded in the product developed for one company now can be used in some 10 different types of products. The compactness of the software development team builds more well-rounded and versatile engineers and allows for not only constant technology innovation but the transfer of innovation across different product types. That said, they do not need the highest levels of software creativity, but rather quality engineers willing to fit within a disciplined system of „standardized change“ which allows them to stay both flexible and cost effective.

Core lessons learned on the path to success:

It is important to care for and believe in the product the company is creating. The whole team needs to be interested and genuinely motivated for what they are doing. Problems will happen, but a belief in solutions is needed. It is also important to constantly plan, think about the future, keep abreast of, be on the lookout for, where technology and demand--product requirements--are going. This ensures the ability to meet the market.

Company's development needs in terms of management and leadership:

The company is working on professionalizing its management team. An executive board has been created with eight managers from the company. They are all motivated, among other things with the prospect of 20% ownership in the company. But, this is only the beginning. The owner is only beginning to talk with corporatization advisors.

Company's development needs in terms of financing or the regulatory environment in order to

keep or advance business results: A substantial disadvantage for Serbia is that EU funding is limited. While companies in EU member states ultimately benefit from structural funds, in Serbia all assistance is subjected to the de minimis limit. It is not clear if this is up to EU regulation, or Serbia's interpretation of the assistance that it does give to its SMEs. Also, the company has been fighting an unbelievably long and senseless battle regarding administrative barriers to completion of ownership conversion on a brownfield.

DMV, Hidden Champion

DMV has been producing professional LED electronics for over 30 years. The company was established in 1991 by Dušan Šarković, following his two-year tenure at Elektronska Industrija Niš, which went bankrupt in the 1990s. While many of his contemporaries chose to leave Serbia, Dušan embarked on developing a company that manufactures devices for traffic (ranging from speed signs to weather stations), sports (from football to cricket), and industry (including clocks and injury countdown displays for workplaces). DMV's customers are primarily system integrators who collaborate with government entities, concessionaires, and other stakeholders in the value chain.

When founding the company, its creator envisioned producing a product that could be maintained and would generate consistent growth. It appears he succeeded, as the company has been growing for 32 years. Throughout this period of expansion and development, the founder primarily worked with partners. Four years ago, the company underwent a division, leaving Dušan Šarković as the sole owner. He then made a strategic decision to establish a professional management team, further professionalizing the company. This move provided employees with clearer responsibilities and tasks. The newly formed executive board also received a stake in the company, with Mr. Šarković remaining the majority owner. A 20% division of the company will be completed over the next five years.

Friends and acquaintances who left the country during the 1990s provided an excellent connection to foreign markets, allowing Mr. Šarković to focus his sales efforts internationally. Today, the company exports 80% of its production to over 90 countries worldwide, including New Zealand, Russia, the Middle East, the United States, Mexico, and as far south as Chile. They also export to closer markets, primarily the UK, the Nordic countries, Poland, the Czech Republic, Spain, Austria, and Serbian neighboring countries. Interestingly, the company is involved in regional infrastructure and road construction projects. Regarding revenue distribution by product, 80% of the company's revenue comes from traffic products, 10% from sports products, and 10% from other categories. This ratio has remained stable over the past 7-8 years. These proportions have evolved; the company expanded into the traffic sector once it had grown sufficiently in 2007.

In the 1990s, they defined their market orientation to focus on large mechanical systems, specifically large displays for sports and traffic. Their products are now sold on all continents. One anecdote that Mr. Šarković often shares is related to Cape Town. When his daughter, Anđela Šarković, won a medal at the Mathematical Olympiad in Cape Town, friends, family, and colleagues called to congratulate him on this extraordinary achievement. On these occasions, he would humorously remark that the real congratulations should be for the fact that the traffic light in the hall where Anđela took her tests was produced by DMV from Niš.

The hardware platform they have been working on has been in use since the company's founding. The company is highly self-sufficient in its production process: it designs its mechanics and hardware, owns 6,000 printed circuit boards, and develops both the software and the supporting cloud software in-house.

However, constant technological changes also impact this company, necessitating multiple updates to its hardware platform. As industry standards evolve, DMV must continuously adapt and adopt these standards, often taking on the role of educating their customers in the process. The company also aims to participate in standardization bodies to influence industry standards. Long-term employees are particularly adept at anticipating technological changes, tracking developments, and initiating internal adjustments. DMV faces unique challenges in applying tech solutions. For instance, they developed their own ERP software because the available market options were too rigid and could not meet their needs. This custom ERP system has proven to be highly effective for them.

One of the company's new products is meteorological stations that monitor road conditions, wind speed and direction, visibility, road surface conditions, and ice risk. These meteorological stations can connect this data with traffic signs. DMV uses its existing hardware to provide an integrated solution. With this product, they aim to expand their presence on regional roads.

The company strives to be data-driven and aims to integrate production data into its systems to enhance operations. This data includes information collected from production robots, CNC machines, and air quality sensors within the company. Utilizing this data will enable the company to improve its business processes. Interestingly, the products sold by the company already collect similar data. Air quality measurement sensors are integrated into their standard hardware platform, which is part of their building management and smart city platform. This allows their products to connect seamlessly with smart city systems. Uređaji koje kompanije proizvodi radi na solarne panele.

As technological and sustainable trends shape the industry, this company is getting to grips with these transformative forces. Their devices, including traffic signs, are increasingly powered by solar panels, currently comprising 5% of their products, with this percentage steadily growing. Additionally, the company owns a solar power plant on its roof and sells the electricity it generates.

The COVID crisis as such did not have much direct impact on the company, with little effect on the way the business is conducted. However, they did lose several younger, promising, IT engineers at the height of the crisis, to higher-paying jobs. As to the war in Ukraine, it initially affected the company by raising the prices of steel, and not much since. The company is concerned about collaborating with Russian partners but has not had the opportunity to work with them since the start of the war.

3. Uniplast

Overview

Address: Stara Pruga, Preljina, Serbia

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Fax: 381 32 380 286

Email: office@uniplast.rs

Web: <http://www.uniplast.rs/>

Company information

Industry: Manufacture of plastic packing goods

Year of Establishment: 1991

Sales Revenues in 2017: 0.7 Mil. EUR

Sales Revenues in 2023:

Average number of employees in 2023: 40

Brainer(s) behind the company: Djordje Jovanović, General Manager.

Nature of market leadership:

The company is still No. 2 in the Western Balkans in the manufacture and distribution of pharmaceutical (galenic laboratories and pharmaceutical manufacturers), medical and cosmetic packaging.

From 2018, the company positioned itself to be the number 1 in South East Europe in the production of active packaging with silver ions for cosmetic and pharmaceutical products in Southeast Europe, which extends the shelf life of preparations with less preservatives and destroys the transfer of microorganisms from hands-on the bottle.

Nature of Competitive Advantage:

Uniplast focuses on the production of value-added products that comply with the latest industry standards. The company actively monitors market trends and remains flexible to adapt to changing conditions. As a family business, Uniplast places a strong emphasis on the continuous improvement of its professional management.

While many companies across Europe have extended their delivery times from one month to six months due to the ongoing energy crisis, Uniplast has demonstrated resilience. By installing solar panels, the company sources approximately 45% of its energy needs from solar power, allowing it to maintain efficient operations despite external challenges.

Core lessons learned on the path to success:

The crisis presented an opportunity for growth, allowing the company to achieve full production capacity during the COVID-19 pandemic. Through this experience, the company recognized that even in the most difficult times, solutions are always possible, and the motivation of its people is crucial to overcoming challenges. Prioritizing short-term profit gains during a crisis is not sustainable; instead, long-term strategic thinking is key. Above all, maintaining the trust of existing clients remains a priority, even amid uncertainty and crisis.

Company's development needs in terms of management and leadership:

First, there is a need to strengthen the marketing team by introducing new tools. Second, improving technical expertise is important for better management of personnel in the production department. Lastly, optimizing internal processes is vital for boosting operational efficiency across the company.

Company's development needs in terms of financing or the regulatory environment to keep or advance business results:

The company secures project funding from various sources, ranging from banks to grant funds. Bank resources are allocated towards renovating machinery and upgrading technological processes, while grants are utilized for research and development (R&D). Uniplast is actively reinvesting in process digitization.

Uniplast, the Hidden Champion

The company is No. 2 in the Western Balkans in the manufacture and distribution of pharmaceutical (galenic laboratories and pharmaceutical manufacturers), medical, and cosmetic packaging. Since 2018, the company has aimed to become the leading producer of active packaging with silver ions for cosmetic and pharmaceutical products in Southeast Europe.

This innovative packaging extends the shelf life of preparations with less the need for preservatives and prevents the transfer of microorganisms from the hands to the bottle.

Uniplast is a family-owned company with robust corporate governance and thirty-three years of industry experience. By developing innovative products and adhering to global production standards essential in this sector, the company effectively addresses the challenges encountered by its customers. Its unwavering commitment to value addition and innovative design has allowed it to maintain a prominent market leadership position. Moreover, the company's ambiguity enables it to swiftly respond to market changes. Uniplast approaches challenges from the perspective of the user, remaining focused on enhancing its products while constantly considering the "job to be done" — identifying the specific problems or challenges that their products solve for their customers.

In the realm of active packaging with silver, Uniplast diligently monitors market trends. Recognizing the growing demand for reduced preservatives in products, the company's technology team developed a solution to address this need. Additionally, Mr. Jovanović highlighted the scarcity of certified packaging manufacturers in the market. With safety-conscious clients seeking certified packaging options, Uniplast stands out in its niche, boasting five operational standards and the strongest position in the field.

Export accounts for 30% of total sales and they are covering imports with current exports. The company targets export to account for 50%. Since 2018, Uniplast has expanded its market presence in Serbia by strengthening collaborations with healthcare institutions and pharmacies. Furthermore, clients with long-term strategies opt to partner with Uniplast, partly due to the successful transition of the family-owned company to the second generation. Internally, the company is committed to developing management capabilities to ensure its readiness for future leadership.

Amid the COVID-19 pandemic and the surge in demand for their products, the company discovered its true production capabilities as they operated round the clock, 24/7. In 2020, Uniplast achieved a remarkable 82% increase in revenue, fuelled by heightened demand for the company's products during the COVID-19 pandemic. In 2021, revenue rose by 56% compared to 2019; however, it experienced a modest decline of 15-20% from the exceptional performance of 2020. Nevertheless, the company attained another record-breaking year in 2022, surpassing the growth of 2020. This success was attributed to vigilant monitoring of market trends. Uniplast identified a shift in demand from Chinese to European suppliers in Europe and effectively capitalized on the ensuing opportunities in the market. Mr. Jovanović explains that new opportunities are emerging in the Russian market. Previously, producers who sourced from Germany encountered challenges due to sanctions. As Serbia maintains no sanctions against Russia, it facilitates exports to this market. Additionally, owing to disrupted supply chains, numerous European companies have shortened delivery deadlines from one year to six months. Uniplast's competitive edge lies in its ability to meet these altered demand conditions.

Uniplast is committed to sustainability, driven by its philosophy of fostering meaningful business practices that benefit both the company and society. For instance, the company has installed solar panels, providing about 45% of its electricity needs from solar energy. The company is deeply committed to cultivating and retaining talent by fostering teamwork, ensuring individuals recognize their value and the impact of their work on satisfying clients' needs. Nevertheless, Uniplast still faces challenges in recruiting quality personnel, as there is limited willingness among the workforce to relocate from Belgrade to smaller cities across Serbia. In terms of process and management development, the company successfully

transitioned to the second generation and established a corporate governance framework with professional management. Moving forward, Uniplast is striving to evolve into a fully professional management structure, independent of family involvement.

4. Dmiteh

Overview

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Company information

Industry: Machinery

Year of establishment: 2008

Sales Revenues in 2017: 0.9 Mil. EUR

Sales Revenues in 2023: 1.1 Mil. EUR

Average number of employees in 2023: 10

Brainer(s) behind the company: Nenad Dmitrović, CEO and Owner

Nature of market leadership:

Dmiteh is the global leader (outside the US) in the production of premium flexo printing presses for sausage casings. Dmiteh produces flexo printing machines for sausage casings, it holds about 1/3 of the global market of premium machines (of which only about four are produced annually) and it is the single global producer of top-of-the-line premium machines that cost about 3x more than standard ones [premium or others]. They were the first to produce a gearless (harmonic transmission) machine in this market globally, and keep meeting ever more demanding customer requirements. Each costs about Eur 1 million.

Nature of competitive advantage:

The ability to continuously innovate at a relatively low cost has been key.

Printing machines for sausage cases are large and costly to make relative to the size of the company (initially 7. today 12 employees) itself that mainly adds the value of engineering design and assembly. Developing prototypes to showcase innovation would be forbiddingly expensive. Instead, the company's practice from the outset has been to innovate on the machine currently being made, over and above the contracted features. Then, the most recently sold piece of equipment serves also as a showcase of the latest innovation.

Core lessons learned on the path to success:

Need to have a vision and build partner trust on the way to realizing it. The founder was set on producing this kind of machine.

Company's development needs in terms of management and leadership:

The company's philosophy is not to grow beyond the low teen employee numbers exactly so that there is no need to invest in developing a complex management structure.

Company's development needs in terms of financing or the regulatory environment in order to

keep or advance business results:

The key obstacle in obtaining financing is that banks treat the company as an SME because that makes Dmiteh unbankable. Dmiteh's product cycle characteristics require high debt/revenue ratios throughout a specific project cycle. „Corporate“ treatment allows for project financing and hence much higher debt ratios. In Serbia, the requirement for corporate status ranges from Eur 1 million of turnover for smaller to Eur 1,5 million in larger banks. Dmiteh generally does not meet EUR 1,5 million, and can at times fall below the EUR 1 million one. When it does, it becomes unbankable.

As to regulation, the government has a number of instruments of assistance that are very fragmented and it is hard to learn and find more information about them. A small company does not have the research resources needed to find out about that which is on offer. Dmiteh did recently receive a grant from the innovation fund. It helped the company accelerate innovation work that would otherwise have taken longer. Now they do regularly receive information from the Fund.

Dmiteh, the Hidden Champion

Founded in 2008 by seasoned experts in the printing industry and machine production sector, Dmiteh immediately positioned itself at the top of the market, competing with a Japanese and a German producer that it squeezed out in the subsequent years, to conquer about 75-80% of the market for top of the line machines. Through insightful market analysis, including evaluating capacity and competitiveness, but above all offering innovative solutions, Dmiteh has developed into a company offering original machine design, complete machine assembly, and has the ability to produce some parts as well.

Dmiteh's main product is a flexo printing machine for printing wrappers (casings) for salami and sausages. Ninety percent of their machines are sold internationally to customers ranging from small family businesses to large multinational companies. The company holds about one-third, 30-40% of the global market for flexo printing machines for sausage casings. This is a small, niche market, in which Dmiteh produces only about four machines annually. Within the Premium segment, Dmiteh is one of two global producers of top-of-the-line premium machines, at a cost of approximately three times more than standard models. These larger machines are only made about one a year. Serial production is not possible in this niche market; each machine is unique, and this allows the company to continually innovate.

From the beginning, the company's strategy has been to produce high-performing, high-end, rather than cheap, machines. They were the first in the world to produce a gearless (harmonic transmission) machine in this market and continue to meet increasingly demanding customer requirements. Each machine costs about EUR 1 million. In this market, few companies buy new machines, preferring instead to purchase used ones to upgrade their technology. There used to be Japanese and German competitors in the top-of-the-line segment, but Dmiteh has outperformed them in terms of cost-effectiveness, driving them out of the market. Recently, a Hungarian company has entered the market, but it has not yet threatened Dmiteh's position. Dmiteh has always upheld the belief that innovation is crucial for its survival, growth, and development. Consequently, the ability to continuously innovate at a relatively low cost has been key to its global success. From the very beginning, engineers have been the backbone of the company, with around 40% of the total workforce (4 out of 10 employees) being engineers. The engineering team designs products tailored to customer needs, utilizing insights from the experienced sales team, which carefully monitors the market and consistently prioritizes customer satisfaction.

This market is challenging for small startups to break into due to the significant costs and time required to develop cutting-edge technology. Machinery manufacturing is capital-intensive, with machines taking a full year to build, tying up substantial operating capital. From this perspective, it was critical for Dmitech to obtain the first bank loan, to fund the production of the first premium machine (which was accomplished thanks to guarantors collateral, based on personal relations). However, demonstrating innovation and proving its effectiveness has been essential for further sales success. Dmitech's method has been to innovate on machines they are currently manufacturing, even if the innovation is not a part of the product's specification. By doing so, if successful, they not only exceed the customer's expectations, but also showcase a tangible example of the innovation in action for other potential customers. Those approaches enable Dmitech's machines to be distributed across a wide array of global markets, spanning Serbia, North Macedonia, Poland, Bulgaria, Algeria, Morocco, Mexico, Latvia, and the Netherlands. Within these diverse regions, the company is dedicated to offering dependable and top-quality machinery that caters to the dynamic requirements of businesses and industries worldwide.

Because of the war in Ukraine the largest producer of sausage casings, which is a Russian company, has been shut out from the market. This has increased the demand for the machines Dmitech makes, but the company cannot take advantage of this higher demand because of a shortage of electronic parts on the market. This, a continued reverberation of the COVID crisis, has extended its production cycle from 9 to over 12 months. It also spurred the company to keep higher stocks of spare parts--presenting a significant financial burden.

As is often observed among Hidden Champions, Dmitech also maintains a robust association with the R&D institute. The Research and Development Institute Lola stands out as a key partner in the ecosystem, playing a pivotal role in contributing to the company's success. Dmitech received the Serbian Innovation Fund Collaborative Grant Scheme award, which aims to encourage collaboration between private sector companies and public sector R&D organizations to undertake joint R&D projects to develop new products and services. Dmitech partnered with the Lola Institute on a project related to technology for automating the packaging process of sausages designed to increase packaging capacity by 30% compared to the industry standard (Serbian Innovation Fund)²⁸.

One other common characteristic of Serbian HC champions is a strong position in retaining talents in the company. Dmitech is also successful in this field and the company has never reduced the number of staff. The company's unwavering commitment to investing in knowledge and fostering employee development continues to rank among its highest priorities and critical factors driving its success. To attract talent, the company offers a positive and stimulating environment that nurtures employee development. In retaining talent, it utilizes competitive compensation packages, flexible working hours, and opportunities for employees to unleash their creativity in the workplace. Dmitech has a practice of hiring young individuals straight out of school, actively supporting their development and advancement toward higher, more responsible positions within the company.

Throughout its developmental journey, Dmitech has gleaned valuable lessons, particularly emphasizing the importance of having a clear vision and cultivating trust with partners to realize it. The founder of Dmitech was steadfast in his determination to produce this specialized type of machine. Overcoming the significant obstacle of establishing trust with customers and securing funding for the initial press was crucial for success in this niche industry. Fortunately, the founder was able to demonstrate his proficiency in manufacturing similar sophisticated

²⁸ <https://www.inovacionifond.rs/en/programs/collaborative-grant-scheme-program/funded>

machines while working in a socialist-owned company. Additionally, he leveraged strong business connections to secure the necessary funding through loans or guarantees. Once customers witnessed the company's ability to consistently deliver reliable products, the inherent value of the product — a combination of quality and cost-effectiveness — spoke for itself.

Slovakia

1. Gevorkyan j.s.c.

Overview

An Armenian citizen, Artur Gevorkyan established the company in 1997 in Slovakia. It produces products for all industries related to powder metallurgy, more specifically powder metallurgy, metal injection moulding, hot isostatic pressing, and additive manufacturing. It combines the most modern technologies under one roof where develops vast range of new products each year. It has a top-class laboratory and a modern tool shop with three-shift operations. It is a reliable global supplier for large multinational companies operating their plants worldwide. The Gevorkyan company has become one of the most stable suppliers of the SKF engineering firm and one of the largest manufacturers of bearings in the world. The management decision in 2022 to enter the stock exchange brought the necessary capital for further growth, and the company became a joint stock company.

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Company information

Industry:	Powder metallurgy/pressing of metal parts from special powder mixtures at high pressures.
Year of establishment:	1997
Sales revenues in 2021:	€470 mil.
EBITDA	€19 mil.
Average number of employees:	150 – 199
Brain(s) behind the company:	CEO: Dipl. Ing. Artur Gevorkyan, owner 73%

Nature of market leadership

The company has been operating for 27 years and still produces the parts for its very first customer. The products are made using specific technology in the metallurgy industry, i.e., metal injection moulding, hot isostatic pressing, and additive manufacturing, which are widely used in several sectors and segments such as engineering, oil, guns, new cars, the most modern pumps, air conditioners, hand tools and robots, weapons, and even in cosmetics and medicine. Since the world's largest PM (powder metallurgy) companies are mainly located in the USA, the biggest competitors in Europe are Eurobalt (Estonia) and Temsa (Spain). Gevorkyan is considered a leader in the European market and one of the most innovative companies in this industry segment worldwide. It designs and develops over 150 brand-new products per year in one place using cutting-edge technology and produces over 5 million parts per month of over 2,000 different types. It ships worldwide, including to Europe, the US, Latin America, Canada, Asia, and Australia.

Nature of competitive advantage

The company's competitive advantage lies in its proprietary expertise in powder mixing, custom product development, and an in-house tool shop. Products made by powder metallurgy technology have many uses, including in the engineering, oil, weapons, and healthcare industries, as well as in costume jewellery and cosmetics/packaging. Two technologies are used: sintering and metal injection moulding. This technology is cheaper (no-waste technology), but it is a large-scale production; it is more economical only for a large quantity of products. This ability to rapidly design and develop tailored solutions, coupled with high levels of automation and robotisation, allows Gevorkyan to achieve financial results comparable to larger competitors while employing fewer people. The customer-centred focus is unique, and no other company within this segment can offer this with such an approach. Gevorkyan has built its own laboratory research and development centre.

Core lessons learned on the path to success

The company's path to success is associated with the life story of the founder. He had a strong determination and tenacity to establish his company. In 2008, it started production on its own land in the small village of Vlkanova in Central Slovakia. The company was slowly growing, accepting "crazy projects" that big players refused to do. The owner's motto is "Use the crisis and adapt to the situation." Each crisis strengthened the company's business. During the financial crisis in 2008, struggling companies were offering some premises and machines for sale. Gevorkyan acquired some machines on leasing at a better price. With this strategy, the company was able to show customers its distinguishing competencies, gaining Gevorkyan the reputation of a small company able to satisfy their requirements. Within the organisational culture, there is a continuous focus on the latest technologies and innovations.

Management and leadership development needs

The roots of leadership success reflect the aims of the founder. He merged the family tradition in powder metallurgy with his vision of running his own business. The business goal focuses on continuous growth of sales while maintaining the number of employees, which is fulfilled by the extensive automation of main operation processes. Presently, around 70 robots are used in production. The company's main challenge is expanding production while keeping up with the trend in robotisation; at present, it can't even keep up with all the current orders and projects. The company has strengthened its energy independence by purchasing additional plots of land adjacent to the company's premises for further expansion. The management continuously investigates and analyses potential entry into new industries such as the production of arms, the oil industry, the automotive segment related to electric cars, bicycles, and even the jewellery market.

Financing and regulatory environment development needs

The company has struggled to satisfy the enormous demand (because of insufficient capacity). Therefore, management entered the Czech stock exchange (27% shareholders, two funds, and many small retail investors) to raise additional capital for expected growth. The new financial capital of 29 million euros (keeping 73% ownership) ensures the expansion of the company's operations and innovations. Last year, the largest Swedish producer outsourced its powder metallurgy production to the Gevorkyan company. At the beginning of 2024, the company completed the acquisition of the competing company Atha Powder Metallurgy in Poland. This company has a 20-year history as a daughter subsidiary of its parent company in Germany. It

employs 80 people, and its sales are around five million euros annually. It produces products mainly for the automotive industry. Due to these successful business expansions, there is a financial estimate for Gevorkyan to achieve sales of 90 million euros in the year 2024. Last year, sales reached 75 million euros, a yearly increase of around 30 per cent.

Since one-third of Gevorkyan's staff is composed of foreign workers from Ukraine, Armenia, and Belarus, he needs to deal with the associated legal conditions. The company is faced with very strict legislation, representing the main obstacle preventing, for instance, establishing childcare premises for their female employees.

The pandemic's impact on Gevorkyan's business approach

The COVID-19 pandemic did not have an impact on their business, neither from an operational nor a financial point of view. In fact, the company invented and produced its own masks/respirators with a special filter, which were supplied at cost to hospitals. This action can be seen as an example of corporate citizenship and Gevorkyan's social responsibility during unprecedented times.

The company negatively perceived the government's double standards regarding masks and the additional approval requirements placed on Slovak producers, although they met EU certification standards.

Effects of the war in Ukraine on Gevorkyan's business operations

The company does not conduct business with Russia or Ukraine. On the other hand, it shows solid social involvement, with one-third of its employees being foreigners (mainly from Ukraine, Armenia, and Belarus), especially in production operations, but also among administrative staff. Regarding the reliance on energy resources, the company is building its own solar sources. This strategic plan aims to provide energy independence that corresponds with the latest EU legislation and strategies for green economies.

From scrap to innovation: A journey to market leadership in powder metallurgy

In the heart of Slovakia, the year was 1997 when Artur Gevorkyan, a determined and visionary Armenian, embarked on a journey that would forever change the face of the powder metallurgy business segment. Born in Armenia and armed with a rich background as a military aviation engineer, Artur brought a wealth of managerial experience from his time in Ukraine. The bureaucratic challenges he faced in Ukraine pushed him to pursue his dream of starting a business in Slovakia, which offered more entrepreneurial opportunities. At that time, Slovakia's landscape was nearly devoid of powder metallurgy; only traditional milling technology had existed until 1996. Undeterred by the nascent state of the industry, Artur Gevorkyan saw an opportunity to innovate and excel. With determination and a few scrap materials collected from junkyards, he began crafting his first product – a hairdryer. This modest start laid the foundation for Gevorkyan Ltd., a powerhouse in the powder metallurgy industry. From the outset, Gevorkyan's approach was unconventional. The Gevorkyan company took on projects that larger companies deemed too risky or unfeasible. These "crazy projects", as Artur called them, allowed him to demonstrate his company's capability to deliver innovative and reliable solutions. Slowly but surely, Gevorkyan built a reputation as a company that could meet the most demanding customer requirements with precision and creativity.

A visionary and strategic thinker, CEO Artur Gevorkyan emphasised technological innovation. He strategically invested in automation to replace human labour in production, continuously purchasing pressing machines. His latest investment of about 1 million euros for an Italian

pressing machine highlights his commitment to efficiency and innovation, enabling the production of thousands of components per working shift. Refusing numerous acquisition offers from international companies, the company remains focused on maintaining its spirit as a successful SME and family-owned business. Negative experiences with local banks led him to make a bold decision: entering the Czech stock market. In July 2022, amidst geopolitical risks, this unique move for a local Slovak company ensured continued growth and retained the decision-making power. Gevorkyan's first significant breakthrough came with developing specialised parts using advanced powder metallurgy techniques. These parts found applications across various industries, including engineering, automotive, medical, and weaponry. The company's ability to innovate and adapt quickly sets it apart from competitors. Gevorkyan develops a huge range of new products and small parts, serving a global customer base. The company's technological methods, faster and cheaper than traditional techniques, have provided a significant edge. Some parts produced by Gevorkyan's methods couldn't be manufactured through any other means, highlighting the uniqueness of their capabilities. The company was awarded for the fourth time in the "Diamonds of Slovak Business" competition in 2021, a testament to its excellence and innovation. Artur's leadership earned him the Slovak Crystal Wing award for 2023 in the business and entrepreneurship category. His vision extends beyond immediate business goals, focusing on long-term strategies like energy independence and extensive automation. Despite preferring direct interaction with employees over digital communication, Artur's strategic foresight has kept Gevorkyan at the industry's forefront.

Innovation at Gevorkyan is not just about keeping up with trends – it is about necessity and survival. Collaborations with institutions like the Slovak Academy of Sciences and the University of Cambridge ensures that the company remains on the cutting edge of technological advancements. "Innovating for the sake of innovation or feeling good makes no sense. At Gevorkyan, we innovate for money. Innovations must be born from necessity, need and pain. The greatest innovations come precisely in times of crisis when suddenly everyone has problems. Innovation forces us to invent ways to survive. Innovation generates demand for further innovation and thus supports continuous improvement". (Inovato press release, Artur Gevorkyan, workshop and presentation at the roadshow on 15/2/2023, Vlkanová). During the COVID-19 pandemic, Gevorkyan showcased its innovative spirit by developing respirators for hospitals, highlighting its ability to respond to urgent needs with creative solutions. Automation plays a crucial role in Gevorkyan's strategy. The company continually invests in new technologies and machines to enhance production efficiency. Recent investments include also a high-capacity pressing machine from Italy, significantly boosting production capabilities. The company's strong emphasis on modernisation in technologies is expressed by the CEO's vision: "I dream of a factory without people. Our goal is to introduce hybrid jobs. The robot does not go on sick leave; it is more efficient".

Gevorkyan's strategic planning is focused on growth and efficiency. Over the past decade, the company saw continuous sales growth while maintaining a stable workforce of about 190 employees. With 70 robots currently in production, Gevorkyan exemplifies Artur's vision of a highly automated factory. Despite nonstop production, the company has to refuse some projects as production has been already contracted for the next 7–8 years. Energy self-sufficiency is another pillar of Gevorkyan's strategy. The company is building its own nitrogen generators, solar panels, and transformer stations, ensuring independence from the energy crisis. By exploring new industries such as arms manufacturing, oil, electric vehicles, and jewellery, Gevorkyan aims to leverage its technological expertise and capture new market opportunities.

Managing rapid growth while maintaining a commitment to innovation and automation has posed challenges. To keep up with increasing demand, the company has expanded its production capacity with the recent cooperation with Swedish SVK and the latest acquisition of the Polish subsidiary of Atha Powder Metallurgy of the German international company. The energy crisis has not affected them, they have contracted prices for a longer period of time. The company is responding to the energy crisis by enhancing its energy independence through several decisions, for instance having own nitrogen generator and installing solar panels. They are completing a hydrogen generator and their own transformer stations. The energy is needed mainly in sintering, which is a key process for production. In the context of all environmental activities, company created the position of environmental manager. Continuous technological innovation and environmental sustainability are critical issues, supported by professional training programmes and dedicated environmental continuous improvements.

The CEO's leadership style, though directive and hands-on, is deeply rooted in a commitment to employee welfare. The company provides generous benefits, such as company cars for personal use, accommodation and support for foreign workers (mainly from Ukraine, Belarus, and Armenia), and career development opportunities for the young generation from the region. The company helps various communities through various foundations and donations. Despite the "old school" approach of the CEO, who does not fancy using ICT in his work, and his use of the open-space office with other managers, Artur's leadership fosters a supportive and innovative work environment. As Gevorkyan looks to the future, the leadership transition is already in motion. Artur's son, Róbert Gevorkyan, is preparing to take over, ensuring the company's innovative spirit and strategic vision continue. With a strong foundation built on innovation, strategic planning, and a commitment to quality, Gevorkyan can maintain its market leadership and achieve sustained growth. From scrap to innovation, Artur Gevorkyan's journey has been a testament to the power of vision, determination, and strategic foresight. His legacy of innovation and leadership will continue to shape the future of powder metallurgy, ensuring that Gevorkyan remains a beacon of excellence and ingenuity in the industry.

2. FOSALI j.s.c.

Overview

The name FOSALI stands for the words "fibre optic solutions & lighting". It manufactures designer chandeliers based on optical fibre LED technologies and hand-blown glass (niche market). Production started in 2015 with the establishment of a company called LEDeco Solution, which is now the parent company. The business is technically focused on producing its own strips, design of various lighting, projection, installation, powder coating, and assembly. The foreign expansion into new markets was strategically overtaken by the new company FOSALI j.s.c.

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Company information

Industry:	Production installation of electric lights and other electric devices
Year of establishment:	2015
Sales revenues in 2021:	€ 245 millions

Revenues in 2015:	€ 13 millions
Average number of employees:	11
Brainer(s) behind the company:	Co-founders Jozef Slivka, Marianna Slivková, and Tomas Fiser

Nature of market leadership

FOSALI is a family-owned company offering lighting design and manufacturing in the B2B segment. The company strongly focuses on technological quality based on their R&D (Jozef Slivka, one of the co-founders, is responsible for the technological area). Another co-founder, Jozef's sister, who left the UK with her family to help the business grow and establish the FOSALI brand, is responsible for marketing and sales. The complex know-how for LED technology were invented in-house. The chandeliers and lighting designs are manufactured to get the best out of optic fibre technology. Their production is unique, and they believe they are number one within the Central Eastern Europe region of this market. The company receives most of its orders from the Middle East and the EU, with total exports accounting for around 80% of total sales.

Nature of competitive advantage

Their complex lighting solutions (LED and fibre optic), which implement the latest technologies, differentiate them from their competitors. It means one's design, hand-made lights (of different sizes) and simple installation. FOSALI developed product solutions with their know-how, and thus, the company managed to create an entire portfolio of chandeliers with innovative and timeless designs, with the utmost luxury, excellent functionality, and long life. The strategy is to create lights that are simple and customer-friendly, enabling customers to perform installation themselves. In-depth knowledge enables them to manufacture luminaires with all the benefits of LEDs, i.e., low energy consumption, maximum lighting output, efficiency, and great flexibility in colour choices to match materials or other luminaires in the room. The company is famous for its tailored solutions. FOSALI's competitive advantage lies in its ability to blend cutting-edge technology with handcrafted artistry. Their products, often available in fibre optic and pure LED module versions, are designed to be visually stunning, energy-efficient, and easy to install. This focus on innovation, versatility, and customer-centric design has placed FOSALI ahead of its competitors, who often rely on more traditional crystal lighting designs.

Core lessons learned on the path to success.

Initially, the company placed a strong emphasis on quality, innovation, and added value, rather than competing on price. This innovation-focused approach led them to adopt LED technology which has been available since 2007. FOSALI prioritises high-quality LED technology producers known for their excellent light features and commitment to continuous innovation. The company's success is strengthened by family's core competencies – with the brother bringing deep technical expertise and the sister, Marianna, returning from the UK to focus on customer engagement and sales. While not every tailored project has yielded immediate profits, the company has recognised other benefits such as promoting the brand and exploring exciting technological solutions. Despite its focus on innovative solutions, FOSALI remains committed to a customer-centric approach by ensuring that the installation of its products is simple for the end user. The ongoing challenge of balancing innovation and creativity with standardisation, simplification, cost reduction, and scaling has been central to FOSALI's success. Over time, the company has continued its journey of technological innovation, beginning production of in-

house LED lighting and establishing its own SMT (Surface - Mount Technology) line.

Management and leadership development needs

The company's strategic approach has been to grow its business with the same number of employees and to be innovation-driven. They constantly improve and standardise processes, thereby scaling and thus ensuring growth expansion into new markets. They have plans to become a world leader in high-design lighting while innovating simultaneously – that's a big dilemma for management. It plans to protect its products with trademarks on its designs. Moreover, the company has a strong focus on marketing, people, and ongoing improvements. An expansion to new markets highlights the need to hire new employees. The critical leadership challenges include maintaining their strong identification with the products and ensuring their perfect fit into the dynamic organisational culture.

Financing and regulatory environment development needs

The company was approached by an investor (venture capital) who made an offer to finance the company's growth. They rejected this offer because they felt they had already created a strong potential and had done a lot of work at the beginning in implementing all the technological innovation and their aim to create a solid company name. The family owners felt they might have lost all that effort and personal involvement. They preferred to use their resources to continue on their current path, even if the growth was slow. Global trends and the EU's strong emphasis on a green economy and environmental behaviour aiming to replace traditional energy sources comply with the more extensive use of LED technology.

The pandemic's impact on FOSALI's business approach

Since its business operates in the B2B market, the pandemic lockdowns and other regulations did not affect FOSALI's operations. In the distant future, due to some adverse global and social developments that emerged during the pandemic, the middle-income target group of customers could be reduced. The company strengthened its presentation in the online space during the pandemic period.

Effects of the war in Ukraine on FOSALI's business operations

The global crisis, connected with the war in Ukraine or rising energy prices, does not impact the company's performance. They operate in various markets, enabling them to diversify the risks.

Triggering emotions through lighting

The family-owned company as well as the mother company LEDeco solution Ltd., which specialises in lighting design, manufacturing optic fibres, and LED technology, operate mainly in the Slovak market. The original founder Jozef was always very passionate about technology and he has always sought out novel opportunities. His critical leadership approach reflects his strong conviction that technological quality, continuous production improvement, and research and development should reflect on customer requirements – individual solutions. The success of both LEDeco and FOSALI were driven by the passionate leadership of all three co-founders. Jozef is deeply committed to technological excellence and continuous improvement. His sister, Marianna Slivkova, an award-winning entrepreneur in 2014, has brought a strong focus on marketing and sales, helping to expand FOSALI's reach into new markets. Together with her partner Tomas, they have cultivated a culture of innovation and high standards, ensuring that FOSALI remains at the forefront of the lighting industry.

They all work to manage FOSALI's path to becoming a leader in unique LED lighting solutions. From its humble beginnings, FOSALI embarked on a mission to illuminate the world with unparalleled elegance and innovation. FOSALI quickly distinguished itself in the niche fibre optic and LED technology market, offering product solutions that went beyond mere illumination to create breathtaking visual experiences. The fibre optic technology market has been developing for years. The company positions itself as a producer of fibre optic lighting products and as a solution provider. The company has designers and technicians who deliver the products, installation, and related services to its customers. The products are intended for places where it is necessary to ensure sufficient lighting for the movement of people, to create a festive atmosphere, or where there are hard-to-reach and non-serviceable areas. FOSALI does not offer a classic chandelier. The technology is based on optical fibres and LED illuminators merged into creative designs. They developed them with their know-how, and thus, the company has managed to create an entire portfolio of chandeliers, the design of which is innovative, timeless, luxurious, and, of course, offers fantastic functionality and long life. Custom-designed chandeliers represent a narrower product segment than ordinary chandeliers. With this strategic approach, they are ahead of their competitors. Estimating their market share is difficult as they are active in multiple segments. Still, they operate in a particular niche segment and consider themselves to be number one in this niche. The most significant competitors are companies focused on designing, crystal, and lighting, e.g., the following Czech companies: Preciosa (with 150 years of experience, a global company), Lasvit, and Sans Souci Lighting.

The appreciation of hand-made craft techniques and local production is reflected by the high demand in its sector. The company features these attributes, and being located in Central Europe, it seems to be a perfect match. Some of their designs feature a fibre optic version or a new option based purely on LED modules. The lighting market is mature, and whilst the clients seek innovations, they also wish to own an eye-pleasing piece of light in their interiors. "We offer beautiful products which trigger emotion" became FOSALI's mantra. This philosophy has permeated every aspect of their business, from the initial design phase to the final installation directly at the customer's location. FOSALI's designers and technicians have worked meticulously to ensure each piece is a work of art. Their deep understanding of LED technology has allowed them to create lighting solutions that offer low energy consumption, high efficiency, and an impressive range of colour options to suit any interior.

From the beginning, the company has built its name on technological innovations. FOSALI offers serious lighting solutions that focus on innovation, versatile designs, and spectacular lighting elements with a great touch of originality. Not every innovation or tailor-made project has brought profit, but there have been benefits in other areas – an exciting order, building a name on the market, and presentation in the media. Expansion into new markets seems to be the key management focus for the near future. The management has realised they have great business potential that they are not yet using. Commenting on their market and what makes them competitive, "The lighting industry is now focused on innovations in LED-based products, and the clients expect high quality, durability, and service-free products; this has become a standard". As a market leader, FOSALI's reputation has been solidified by its consistent presence at two of the world's most prestigious international fairs in Frankfurt and Milan. These events showcase their complex LED technology know-how and fibre optic mastery. Their chandeliers and lighting designs, revered for their spectacular aesthetics and functional brilliance, cater to an elite clientele. Most customers (involving members of the royal families in foreign countries) are from the Middle East (FOSALI participated in Expo Dubai 2020), and it is present in many European markets, including the US and Sri Lanka. FOSALI's focus on foreign

markets has paid off, with 80% of their sales coming from exports. They have developed a robust network of international partners, allowing them to tap into new opportunities and mitigate risks associated with market fluctuations.

The company has acknowledged the necessity of simplifying processes and scalability, thus simplifying installation work at the customer's location. It faces the constant dilemma between technological innovation and creativity versus standard processes (standardisation), as well as questions of simplification, scaling, and cost reduction. There are a few key strategies to maintain success, such as a strong orientation on foreign markets and developing a network of partners abroad. As its market is still significant, FOSALI must reflect on more opportunities. Despite reducing its workforce from 30 to 12 employees, FOSALI has managed to streamline its processes and maintain high standards of quality and innovation. That can be fulfilled by streamlining the entire process through standardisation and sustaining the scaling strategy. Innovation starts with the courage to try new things, learning to learn, independence, tackling new challenges, and making decisions, often leaving one's comfort zone and not giving up quickly. Since the company's primary goal is to expand abroad, the company places a strong emphasis on the ability to communicate in foreign languages while actively participating in international exhibitions. There is a high demand for understanding social media and networks and doing marketing activities in a virtual environment.

The primary challenge for FOSALI was balancing the need for constant innovation with the demands of standardisation and scalability. They recognised the importance of simplifying processes to support growth and expansion while continuing to push the boundaries of lighting technology. FOSALI needs to continue evolving with the same number of employees to sustain their growth. Such an aim requires focusing on innovation-driven strategies and a commitment to ongoing improvement. The company also saw the need for closer cooperation with educational institutions to attract talented graduates with the necessary skills and mindset to drive FOSALI's vision forward. FOSALI's decision to reject an offer from a venture capital investor highlights their confidence in their potential and the desire to maintain control over their growth trajectory. Using their own resources ensured that their values and vision remained intact, even if it meant a slower pace of expansion. FOSALI's journey from a small family business to a global leader in high-design lighting is a testament to their unwavering commitment to quality, innovation, and customer satisfaction. By blending cutting-edge technology with handcrafted artistry, they have created lighting solutions that illuminate spaces and inspire emotions. As they continue to expand and innovate, FOSALI remains a shining example of how passion, dedication, and strategic vision can light the path to success.

Slovenia

1. Qlector

Overview

Address: Tržaška cesta 68A, 1000 Ljubljana – Slovenia

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Email: info@qlector.com

Web: <https://qlector.com/>

Company information

Industry: PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES (*NACE Rev. 2*)

Year of Establishment: 2018

Sales Revenues in 2017: N/A

Sales Revenues in 2023: 0,8 mio EUR

Average number of employees in 2023: 16

Brainer(s) behind the company: Mateja Lavrič, Matjaž Grosek, Maja Škrjanc, Gregor Sablič, Mario Karlovčec

NATURE OF MARKET LEADERSHIP

Qlector is an established market leader in artificial intelligence (AI) solutions applicable to discrete and process manufacturing in production companies. The company successfully combines scientific knowledge and sound business practices through the joint venture of the renowned Jožef Stefan Institute and the Kolektor Group. Such a unique knowledge base allows Qlector to adopt an innovative approach to manufacturing digitalization, and, thus, maintain a focused niche market with unique positioning. Moreover, Qlector prioritizes building a diverse and highly competent team.

Therefore, the main points of Qlector's market leadership are:

Innovative approach and capabilities. The innovative approach is based on developing and implementing cutting-edge technology and software solutions, including AI and machine learning, into manufacturing for predicting anomalies in the production process and throughout the entire supply chain and further directing production, so that the optimal goal for the company is achieved.

A strong network of scientific and research communities. Qlector is well-connected to the Artificial Intelligence Laboratory at Jožef Stefan Institute.

Focused niche market with unique positioning. Qlector is positioned between manufacturing execution systems, MESs, ERPs, and APS systems. The company doesn't have direct competitors as other companies address similar challenges traditionally. Qlector offers not just a tool for optimizing production planning, but a tool that directs production, allowing the company to target a focused niche market.

NATURE OF COMPETITIVE ADVANTAGE

The nature of Qlector's competitive advantage is based on several points:

Unique product offering. Qlector developed an innovative AI solution for manufacturing companies named the QLECTOR LEAP AI platform. This tool offers a novel user-friendly approach to addressing existing production challenges. Thus, using Qlector Leap goes beyond optimizations and allows for developing achievable production plans, tracking and forecasting plan realization, and timely anticipation of downtimes and alerting of employees.

Comprehensive Solutions Offering. Qlector has a diverse and comprehensive solutions portfolio that targets both discrete and process manufacturing. Moreover, diversification is also related to various industries Qlector is working with, including Automotive, Electronics, Home Appliances, Pharmaceutical, and Chemical and Food & Beverage.

Technology Leadership. Qlector's competitive advantage is also based on technology leadership as the company is driven by a vision and strong motivation to adopt advanced technology in manufacturing to bring quality and process optimization to manufacturing companies.

CORE LESSONS LEARNED ON THE PATH TO SUCCESS

Being an innovative company, Qlector has many lessons to share with us, and there are two of them that particularly stand out.

Building purposeful knowledge. Qlector explained that it seized the opportunity to make

something new in the Slovenian environment and combine high-tech knowledge with purposeful knowledge.

Build a team of competent motivated people from the very beginning to develop and live the purpose-driven culture. Qlector hired people because of their competencies and their loyalty, and “blind faith in vision” helped to drive ideas forward. The vision connected people and it supported the fast development of the company.

MANAGEMENT AND LEADERSHIP DEVELOPMENT NEEDS

Qlector shared a couple of points on their development and business needs.

There is a challenge and a need to find local senior representatives for selling the complex product. Qlector explained that the success of finding new customers is based on generating qualified leads. Thus, they need to find competent local senior sales representatives, which is a hard task as there are few of them. Such a senior representative should have experience in large corporations or consulting companies, have a wide network, and have a very good understanding of the customers themselves and production processes including the technical side. Although Qlector has access to universities, they cannot find those people there as such a representative should already have a network.

There is a need to strengthen the team for customer satisfaction and/or for customer success. Qlector believes that customer satisfaction is the primary goal, thus, it is important to develop the team to achieve, maintain, and nurture excellent customer satisfaction.

These two business challenges indirectly lead to the management and leadership development needs. To address the first challenge, Qlector might focus on the internal development of senior sales representatives. Strengthening customer excellence practices can also be achieved through building internal development programs and/or outsourcing development efforts to business schools and other experts.

FINANCING AND REGULATORY ENVIRONMENT DEVELOPMENT NEEDS

When it comes to financing needs, Qlector explained that they have a natural need to find more financing sources. They pointed out that additional financing can be streamed into team development to ensure that the product is developed to the end and sales growth. As the business model is based on monthly subscription sales, Qlector is still on the way to gaining the critical mass of customers to climb upward on the profit curve. Until that moment, they need to operate on investment support.

Regarding the regulatory environment, Qlector noted that the start-up ecosystem in Slovenia is well-developed for the initial stages of establishing a start-up. It is especially related to investment support which can be in the forms of grants or convertible loans. However, in the later stages of start-up growth, there are yet no mechanisms of direct support. Thus, the regulatory environment needs to develop such instruments and procedures for addressing the expansion stage of start-ups.

THE IMPACT OF COOPERATION TO CREATE PURPOSEFUL KNOWLEDGE

Knowing what you learn and why you learn it and the ability to apply the knowledge you have to create value is an art. It is also called “purposeful knowledge”, and Qlector successfully applied this principle through synergetic cooperation to build an innovative, purpose-driven company.

In the very beginning, the management of Kolektor and the leadership of Quintelligence who

knew each other from collaboration on other European projects, got together. Quintelligence comes from the Department of Artificial Intelligence at the Jožef Štefan Institute and has competencies in the field of AI, and Kolektor is a player with purposeful knowledge. That was a match made in heaven as a synergy of domain knowledge and practice between these two companies could open the door to developing customer solutions that could be immediately tested in the real environment. That was 2018 when Qlector was established and the idea was to help manufacturing companies elevate efficiency through advanced high-tech solutions. Since then the company has developed a successful product (Qlector LEAP), built a team of highly motivated and engaged professionals with diverse expertise who believe in the company's vision, and managed to build a pool of customer success stories based on the applications of Qlector LEAP into practice.

The company's flagship product Qlector LEAP is based on methodology resulting from an intelligent cooperation of Josef Stefan Institute and Bloomberg. Qlector LEAP's innovativeness is one of the reasons why Qlector became a market leader in their niche and has a strong competitive advantage. Moreover, corporate culture supporting innovations and proactiveness allowed Qlector to create a large portfolio of customized offerings for digitalization in discrete manufacturing (automotive, electronics, and home appliances industries) and process manufacturing (pharmaceutical, chemical, and food & beverage sectors). Being a supporter of Industry 4.0 ideas, Qlector offers solutions based on predictive intelligence for directed decision-making that supports boosting planning effectiveness, reducing error count, inventory level, work-in-progress and organizational downtime, and increasing on-time delivery.

Qlector believes in the importance of integrating holistic expertise into business practices. That is why, the company built a diverse team of highly competent professionals. They come from various fields including data science and machine learning, manufacturing planning, engineering, and marketing, and they work side by side to ensure the relevance and quality of product offerings. Having a team of passionate like-minded people drives the innovations and creativity of Qlector.

Interestingly, Qlector's real business challenges are not that much internal but are conditioned by the external environment in which they operate. Despite the excitement created around the concepts of digital transformation, smart factories, and Industry 4.0, in practice, many companies have made little progress with digitalization and still rely on traditional manual entry methods. For Qlector, this means their products and solutions primarily appeal to 'early adopters,' who represent a smaller segment of the market. Potential customers do not yet possess a digitally mature mindset. That is why, Qlector's sales and marketing strategies heavily focus on generating new leads and acquiring new customers. Qlector, being well-connected with universities, has no trouble hiring competent IT professionals. However, when it comes to sales, they face the challenge of finding individuals who can become expert-level sales representatives. What is more, being a relatively young company, Qlector is also focusing on building stronger brand recognition. Besides, as a start-up, Qlector recognizes the necessity of building trust to ensure that client companies feel confident in establishing a stable, long-term partnership with them. Qlector noted that having an industrial company and a client as their founders helps build the company's reputable image.

Notwithstanding the existing business challenges, Qlector remains resilient in the face of crises occurring worldwide. For instance, the COVID situation did not create issues for Qlector. Instead, Qlector's mindset is not fixated on problems, but rather on the opportunities and solutions that the external environment can present. They believe understanding the pain of their customers allows them to optimize clients' costs and offer solutions for production

optimization.

To conclude, Qlector is an innovative company offering creative approaches to solving existing challenges of manufacturing companies. Qlector's courage and progressive vision to digitalize manufacturing inspire and motivate their team, leading to numerous success stories for their clients.

2. Arctur

Overview

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Web: <https://www.arctur.si/>

Company information

Industry²⁹: PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES (NACE Rev. 2)

Year of Establishment: 1992

Sales Revenues in 2017: 2.446.860,90€

Sales Revenues in 2023: 3.500 000€

Average number of employees in 2023: 46

Brainer(s) behind the company: Tomi Ilijaš, Martina Murovec, Darja Podgornik, Urska Starc Peceny

NATURE OF MARKET LEADERSHIP

Arctur is a respected market leader, providing innovative IT and R&D solutions on the edge of science, research, art, and business for more than 30 years. The nature of Arctur's market leadership is based on market dominance, implementation of cutting-edge technologies, and knowledge-intensive capabilities.

Arctur was the first private company in Europe to acquire a supercomputer to rent it out and offer services under innovative business models elsewhere. Today, they remain the largest private provider of such services in this region of Europe. Besides that, they practically do not have large competitors in Slovenia regarding the project management direction. In the supercomputers segment, their main competitors are national centers across Europe. However, Arctur still holds market dominance in Central Europe.

Arctur embraces the values and principles of Industry 5.0 and that is why they develop products and solutions that can nudge digitalization and integration of advanced IT technologies.

Although Arctur operates as a company, the foundation of its work resembles that of a private research institution. Their team is knowledgeable, creative, and highly proactive so they produce many more innovations and patents that they are capable of bringing to the market.

NATURE OF COMPETITIVE ADVANTAGE

Wide portfolio of solutions and quality product offerings. Arctur's portfolio includes numerous projects helping companies to implement big data processing, machine learning and AI, 3D solutions, high-performance computing and cloud services, assessment tools, project management tools, and many more. Customers benefit from high-quality solutions, resulting in

²⁹ According to NACE Rev. 2 – please check the technical instructions included in this document (pg. 9).

successfully completed projects.

Innovation ecosystem. As Arctur targets various sectors, including eHealth, tourism, heritage, industry, government, and NGOs, they have built a portfolio of ideas and products that can transfer across sectors. This approach leads to continuous improvement and differentiation. Such an ecosystem enables the company to keep up with and adapt to the changing demands of their clients, offering personalized solutions to tackle their challenges.

Reputable customer network. Over the years, Arctur built a reputable customer network through numerous successful projects. Their ability to combine creativity, research capabilities, and scientific knowledge made their brand image strong, trusted, and distinctive.

CORE LESSONS LEARNED ON THE PATH TO SUCCESS

Arctur shared with us the experiences that helped to develop a thriving organization:

Invest and raise the people. When Arctur began its journey, it could only employ failed students and individuals who had been overlooked for other jobs - “uneducated geniuses that no one noticed”, as they described them. They were not a perfect match with the job requirements but rather young and confident fresh out of school. These people were like rough diamonds in the rough, so Arctur recognized their talents and decided to raise the people and nurture their careers. That is why, the company never experienced issues with people turnover.

Create a caring corporate culture. Arctur has a caring corporate culture based on appreciation, which directly influences people's motivation and engagement, allowing them to fully express their creative abilities. At Arctur, they prioritize not only career development but also the holistic well-being of individuals.

Invest in the education of employees. Arctur also believes in the importance of investing in the education of employees which is instrumental to their approach to raising the people and fostering a caring corporate culture.

MANAGEMENT AND LEADERSHIP DEVELOPMENT NEEDS

Develop people for a creative environment. Contrary to the widespread idea that being in a creative environment is an ideal workplace, in practice it often occurs to be challenging as many people enjoy following concrete work instructions and certainty about the expected actions and tasks. A creative environment, on the other hand, implies a certain degree of chaos and unpredictability. As Arctur nurtures such a creative atmosphere, it's crucial for them to ensure that people not only appreciate the possibilities it offers but also minimize the stress and fear it can occasionally evoke.

Build a psychologically safe environment with a matrix organization. Psychological safety is crucial for Arctur to thrive in a highly competitive IT environment. As a result, Arctur nurtures this aspect through a matrix organization. This structure allows for a high level of involvement in decision-making and execution, not only by managers but also by experts and relevant team members. Such an organization demands a high level of responsibility while providing significant autonomy.

Develop public speaking skills for engineers. As is common among individuals in engineering professions, public speaking may not be their strongest skill. Thus, Arctur recognizes it as an essential area for development.

FINANCING AND REGULATORY ENVIRONMENT DEVELOPMENT NEEDS

In general, Arctur believes that there should be fewer legal obligations. They have observed that the number of formal bureaucratic procedures they must comply with is increasing, and

they are beginning to perceive them as increasingly unnecessary.

THE IMPACT OF VISION AND INTUITION

Envisioning the future is and always has been one of the most challenging (if not impossible) tasks for a human. But if humans are not obliged to think about it, creating a vision is essential for a company to survive and thrive. It is, however, still puzzling how to balance rational thinking and intuition when shaping the vision. Is it really possible to have the courage to trust intuition? Arctur is an exemplary company that for more than 30 years proved with many successful projects that relying on intuition can and should be an immanent element of shaping the future of an organization.

Arctur is an established market leader operating at the cutting edge of business, research, and science and offering innovative products and services for HPC & DC management, project management, and software design and development. Their vision and change-oriented mindset to create a “more sustainable and equitable future” and “inspire and empower organizations to reinvent themselves” has transformed the business practices of many companies in the industry, eHealth, and tourism sectors. It has also supported governments and NGOs and reinvented methods for preserving cultural heritage.

In the early days, Arctur faced competition from at least 20 companies in Gorizia that they believed were stronger and could have become internet providers. However, Arctur took the initiative. Despite uncertainty about the exact direction, they had an intuition that internet services would become popular shortly. While Telekom initially ignored this sector for three years, Arctur seized the opportunity, to develop web portals. Once Telekom entered and monopolized the market, Arctur had already shifted ahead, once again trusting their intuition. However, it is not just about trusting intuition, but also the ability to envision an unimaginable future. Arctur recalls a time at a conference in Portorož where they shared their vision with the audience: “There will come a time when we will buy shoes and cars on the internet.” The audience simply laughed. Nowadays we cannot believe how we lived without the things that back in the 90s could be seen as an unfeasible fantasy. So trusting their hunches, possessing a strong motivation to create positive change, and believing that the unimaginable can come true have made Arctur the prosperous company it is today.

Although vision and intuition are major factors in Arctur's success, they are certainly not the only ones. Arctur believes in raising people and finding, tracking, and nurturing talents starting from their school years onward. Hence, 46% of our employees are young talents under 35. Also, to support the ongoing talent hunting, the company has established two laboratories at the University of Ljubljana's Faculty of Computer Science. They also regularly provide scholarship opportunities, internships, and coaching programs.

What is more, Arctur established a caring supportive atmosphere in the company. They believe that there is more to life than only work so they encourage people to invest time in interests, hobbies, and social activities. For them, success is about owning your time and your life which goes beyond living an illusionary life with goals to possess things. Individuals should invest time in their wholesome development, thus, Arctur nudges people to have a healthy work-life balance. It is vital to feel the drive, joy, energy, and fullness of life with work, serving an exciting place where people can realize their potential and ideas leading to positive change for a better life. Arctur is committed to creating and maintaining a safe and supportive environment where people can feel like “one family” knowing that they can solve problems together.

Building a caring corporate culture also supports Arctur's drive for creativity and innovation. People merge their diverse experiences and perspectives from business, art, and science to

collaborate and co-create meaningful win-win solutions for a better future for companies and communities. Arctur embraces diversity and inclusion and removes gender inequality cliches so that 43% of employees are women and 67% of women are in top management positions. To uphold the highest management standards and excellence of their work, Arctur aligned their operations with the comprehensive ISO quality certification requirements. Since 2014, they obtained ISO in quality management systems, information security, cybersecurity and privacy protection, and environmental management systems, reaffirming their commitment to delivering excellent quality and results.

Pandemic's Impact on "Hidden Champions" Business Approach & Effects of the Ukraine War on "Hidden Champions" Business Operations

Having a strong knowledge base, high-quality offerings of products and services, and a supportive corporate culture ensured Arctur's resilience to crises. Nevertheless, COVID-19 was challenging for them in terms of socializing, Arctur's team grabbed the opportunity to create a new platform and even received an award for the best solution in the field of tourism using artificial intelligence. Overall, they don't believe in crises as they refer to them as "inconveniences", and the way to tackle them is to "tighten a little belt, put costs to zero, and survive".

In conclusion, throughout many years Arctur showcases how a transformative vision with strong intuition and a people caring approach could lead them to gain market dominance and an undeniable competitive advantage. Maintaining a change-oriented mindset that prioritizes honesty, ethics, and collaboration has been crucial in building sustainable, long-term success.

3. Dewesoft

Overview

Address: Gabrsko 11a, 1420 Trbovlje, Slovenia

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Company information

Industry: PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES (NACE Rev. 2)

Year of Establishment: 2000

Sales Revenues in 2017: 17.977.790 EUR

Sales Revenues in 2023: 61.351.269 EUR

Average number of employees in 2023: 179

Brainer(s) behind the company: Dr. Jure Knez, Tilen Sotler, Dr. Tomaž Kos

Nature of market leadership

Dewesoft has been a game-changer in the area of test and measurement solutions for test engineers for almost 25 years. Their undeniable market leadership is based on:

Clear vision based on market needs. The company began its way with a clear understanding of market needs and a vision to develop the "dream" test and measurement instruments for engineers that would solve the existing challenges. The synergy of knowledge and understanding of varied market needs has been crucial in the development of instruments that continue to prove successful to this day.

Open Innovation. Dewesoft develops its state-of-the-art products and solutions by incorporating the principle of open innovation. In addition to their internal knowledge base, they continuously gather ideas from engineers and technicians working in the testing and measurement field, ensuring a deep understanding of existing relevant challenges.

Customer-centric approach. A customer-centric approach is ingrained in Dewesoft's DNA. They firmly believe, and show through their hard work, that their instruments should be designed for the customer and based on their demands. Dewesoft strives for customer satisfaction which is further supported by their cooperation with customers through the open innovation approach.

Nature of competitive advantage

Innovative and differentiated product offering. Dewesoft offers a versatile set of innovative tools for test and measurement engineers. They designed them to be easy to use, customizable, and able to handle huge data sets in a blink of an eye. The innovativeness of Dewesoft's instruments lies in a pioneering approach to solving challenges.

Ecosystem creation and development. To provide customers with excellent intuitive user experiences, Dewesoft created and built an ecosystem in which their products can be connected to multiple devices so that people can have seamlessly integrated solutions. Although the concept of ecosystem is not a novel one as a whole, for Dewesoft's niche market, they are pioneers.

High core technical knowledge and experienced professionals. The company was founded by highly competent and creative test engineers who shared similar experiences in their work. Their passion for making change combined with advanced competencies and high core technical knowledge ensure ongoing development and learning.

Financial stability based on self-financing. Dewesoft has a special financing structure. Unlike many companies they don't rely on external debt funding and the company is completely owned by the employees. Such a structure ensures their financial stability and creditworthiness proved by the AAA Bisnode credit rating.

Core lessons learned on the path to success

Stay agile because this gives you direction. The rapid growth of Dewesoft nudged them into a paradigm of continuous change to maintain their high level of innovation capabilities. What puzzled them was that, based on the experiences of large companies, they questioned why many corporations act slowly when it comes to innovation. After some observations, they discovered that large companies have to handle piles of bureaucracy so that the focus gets shifted from thinking about development to solving these formal issues. Another point is that having complex hierarchical structures also implies having distributed pieces of knowledge and for creating something new knowledge should be concentrated in the process. Only in this way, there is a possibility to go through the steps of ideation, implementation, and value creation for making something truly innovative. Although there are some successful examples of large corporations that can be seen as exemplary cases of innovation, this is more of an exception than the rule. Dewesoft quickly realized that simple truth and decided to build an agile organization for being flexible and not falling into the traps of bureaucracy.

Management and leadership development needs

Knowledge and values succession for maintaining a sustainable model throughout the years. Dewesoft understands the importance of building a sustainable organization in which knowledge and values can be smoothly transferred to the next generations. Now the knowledge

passes over and integration of corporate culture values goes intuitively, through various messages and internal networking, however, with some time Dewesoft thinks the process should take a more structured form.

Developing a holistic perspective on modern issues for maintaining agility. Around half of the Dewesoft managers were developed internally and others were hired from the market. On the one hand, it allows them to have a synergy and balance of perspectives. Thus, internal ones bring core values, mission, and ways of work to the table whereas external ones contribute through their diverse experiences. To maintain the agile organization, ideally, managers who were hired from outside should adapt to how things are done in Dewesoft and live their values and internal ones should be open-minded to having a holistic perspective on business matters. Nevertheless in Dewesoft, they balance perspectives effectively, still the latter leaves some room for improvement.

Financing and regulatory environment development needs

To ensure innovation, relevance, and the high quality of its product offerings, Dewesoft streams nearly all of their annual gross profit towards R&D activities and the enhancement or establishment of novel infrastructural capabilities. For example, one of such financing articles is their novel project named Katapult which is the startup accelerator.

Regarding the regulatory environment, Dewesoft believes that from the legislative point of view, there should be easier conditions for establishing and developing small and medium-sized companies. With more regulations coming in place, implying paperwork, organizing special processes and departments in the companies, hiring specialists for compliance, and many more, the new companies would have very high barriers to entering the market. In the long run that can lead to the inability to establish new SMEs and the disappearance of many existing SMEs. That can also negatively affect the level of innovation.

The Impact of Agility and Customer-Centric Innovation

How can an organization keep up with the fast-changing times and demands of their customers? Well, they say becoming agile can provide the answer, as agile ways of working involve fast responses to changes, and building organizational flexibility and adaptability. Dewesoft is a vivid example of how becoming agile can ensure market leadership and fulfill their belief in continuous learning to achieve their high mission of advancing humanity.

To begin with, Dewesoft, founded in the year 2000, provides the world's leading companies with high-quality, customer-oriented data acquisition instruments. Since then, their market share has been rapidly growing every year thanks to their constant development of new, diversified solutions. The portfolio of Dewesoft's data acquisition products includes numerous offers such as Data Acquisition systems, Data Acquisition Software, Sensors, Transducers and Actuators, Monitoring and IoT Devices, and many more. Creating unique offerings from the very beginning is one of Dewesoft's major success factors, as they could provide the market with something that had never been done before.

It all started with the founders of Dewesoft having a clear vision of what the "dream instrument" should be like drawing from years of experience in the field and facing testing and measurement challenges on a daily basis. But challenges always evolve, so how can an organization keep up with them on time?

To address this, Dewesoft ingrained a highly customer-centric mindset in their innovation processes, probing, and operations. They adopt a philosophy of releasing early, finding early

adopters, collecting feedback, and then adjusting the product to meet customer needs. It's not about being perfect from the first launch, but about ultimately providing their users with relevant solutions. Moreover, Dewesoft has sales companies in 19 countries because they believe they need to be present where they aim to be successful and where they want to offer and implement their solutions.

Additionally, to support Dewesoft's strive for customer excellence, they operationalized the concept of agility to nurture innovative capacities and ensure fast decision-making. They built a special business structure with a main company focusing on core technologies and so-called "bubbles"—small companies of 10-20 people under Dewesoft's umbrella that have full autonomy to develop products and solutions independently. This structure allows room for creating new ideas, as the "bubbles" are not burdened by internal processes, regulations, and compliance procedures. The main part of the company supports the "bubbles" and vouches for them when needed. Dewesoft believes that building this structure is one of their crucial success factors and that being agile can provide a company with direction and a vision for the future.

Pandemic's Impact on "Hidden Champions" Business Approach & Effects of the Ukraine War on "Hidden Champions" Business Operations

Dewesoft believes in continuous change as a way of living, focusing on comparing their progress with their past achievements. They want to be a part of something big and meaningful, whether it's about going to space or creating a breakthrough medical device. They work because they love what they do, and they have a dream they are not afraid to follow. So it comes as no surprise that they invest around 90% of the profit in R & D. That is why, they could also become pioneers in integrating an ecosystem approach in their market segment. What it means is that the measurement system would have to have one platform where users can connect different devices and use them as one system. Through the development of this ecosystem solution, Dewesoft wishes to bring the user community to an entirely new level. They want to create win-win solutions based on high interconnectivity, enabling customers to use old systems alongside new ones from Dewesoft or other companies.

Pursuing unimaginable dreams is supported by Dewesoft's international creative speak-up environment where engineering, marketing, sales, and applications teams can brainstorm and co-create together with their leaders. Active listening is what they preach in Dewesoft both for internal cooperation and when working with customers. Having such a friendly, family-like atmosphere they managed to set a collaborative purpose-driven culture. Dewesoft values transparency, commitment, accountability, caring, and an innovative mindset. These corporate values are ingrained in the company's DNA, and people commit to them through their daily actions. Moreover, Employees have many opportunities for development through trainings, mentorships, and attending unique events like SpaceX. Working for Dewesoft is more than just a job; it is a way of living with passion and motivation to make a difference.

In fact, the company is 100% owned by employees, so they understand that only their actions, engagement, and ability to work together and co-create can lead to overall success. Such a structure was one of the factors that ensured the company's resilience during the Covid-19 pandemic. Additionally, since Dewesoft has branches in China, they could gather information about the seriousness of the Covid situation early on, allowing them time to prepare for it. Overall, they believe that being an employee-owned company can ensure robustness in crises, alongside established communication in the organization.

Notwithstanding Dewesoft's flexible approach to doing business, like any other company, they experience some business challenges. One of the biggest ones that they shared is the instability

of the geopolitical situation, especially related to trade tensions. As Dewesoft's business is international, they can constantly adapt to the new situation to ensure smooth operations serving their customers without delays and other disruptions.

One can say Dewesoft is already so progressive, but how can they further develop? Well, their mission to advance humanity is a never-ending journey. They shared that in the next 10 years, they wish to support a community of like-minded people and help young individuals build their businesses. How would they do that? Dewesoft is already working on 2 projects, one is called Katapult which is a business accelerator, and another one is called "The City of Acrobats". Katapult is intended to support a start-up community to build more innovative ways of work also through continuous guidance and mentorship support of Dewesoft. The City of Acrobats is planned to become the largest technological campus in Europe, spanning 40,000 square meters with the capacity to accommodate around 2000 people. It would be the place where companies, start-ups, entrepreneurs, and educational institutions can collaborate, learn grow, and even live together.

One who wants to make a difference will always find a way to do so, and Dewesoft's success story shows how to envision and transform reality through agility, innovation, and a customer-centric approach.

Türkiye

1. Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret Anonim Şirketi

Overview

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Company information

Industry: Electricity, gas, steam and air-conditioning supply

Year of Establishment: 2014

Sales Revenues in 2017: N/A

Sales Revenues in 2023: \$275 million USD.

Average number of employees in 2023: +1000

Brainer(s) behind the company: Founder: Halil Demirdağ

Nature of market leadership

Founded in Istanbul in 2014, Smart Solar Technologies is one of the world's most innovative solar energy technology companies. Smart Solar Technologies operates three manufacturing facilities in Türkiye - Gebze, Dilovası, and Aliğa - and serves hundreds of customers in 20 countries and regions worldwide. By the fourth quarter of 2024, the company expects an annual production capacity of 2.9 GW of solar modules and 2 GW of solar cells. Smart Solar Technologies is certified as a responsible company in the area of human rights in the workplace and employs more than 1,000 people. The company has recently entered the solar energy sector with the production of solar cells. While around 20 solar panel manufacturers in Türkiye, none are involved in cell production. China is the world leader in cell production and holds approximately 70% of the global market share in total solar energy system production. Smart

Solar Technologies is the second largest company in this sector in Türkiye. With a corporate structure, the company cooperates with various sectors. The company has established subsidiaries in Ukraine, Germany, Spain, the Netherlands, and Bulgaria to expand its impact through international sales and marketing investment strategies. In 2023, a new company, Smart Solar Technologies AD, was established in Bulgaria. In addition, during the period, Smart Solar Technologies entered into a long-term cooperation agreement with Sumec Energy Holdings Co., Ltd, a state-owned enterprise of the People's Republic of China, to create a joint sales and marketing channel targeting the Balkan countries.

Nature of competitive advantage

Founded in 2014, the company completed the installation of Türkiye's first photovoltaic (PV) power plant. In 2016, Smart Solar Technologies entered into a strategic partnership with SUMEC Group, one of the world's leading companies in the solar energy sector, for the production of PV cells. In 2017, the company completed the installation of the world's second-largest CAM-CAM panel PV project. With the investment in its cell manufacturing facility, Smart Solar Technologies has also intensified its research and development (R&D) efforts. It has launched the Clean Energy Transition Partnership (CETP) project in collaboration with several major European laboratories and companies, including Fraunhofer and Nines PV.

Core lessons learned on the path to success

- In the solar energy sector, the technical knowledge and expertise of the human resources in the management of a company are crucial to anticipating future needs.
- The presence of professional teams with expertise in the field, rather than family members, in the management of companies is a fundamental condition for progress in the sector.
- Keeping a close eye on industry developments and making early investment decisions in needed areas is crucial.
- Keeping abreast of technical and financial developments, particularly government incentives, is essential to guide investment and gain a competitive advantage.
- The durability and quality of the products produced in the sector are key factors in maintaining market share.
- Low-quality cheap products can have negative consequences for the company's future.
- The company's main objectives are an innovative outlook and adherence to quality standards at every stage of production.

Management and leadership development needs

The Chairman of the Board, Halil Demirdağ, is a graduate of the Industrial Engineering Department of Boğaziçi University. In April 2009, he invested in solar energy technologies and founded Smart Solar Technologies Renewable Energy Investment Company. As the company's innovative international investments and strategic partnerships gained attention, Demirdağ led the establishment of the group's offices in Türkiye, Bulgaria, Romania, Greece, Germany, Switzerland, and Ukraine. The company aims to become a future leader by creating value through its innovative renewable energy and technology solutions. However, due to the relatively new nature of the sector, there is a significant need for training personnel, particularly technical staff.

Financing and regulatory environment development needs

Smart Solar Technologies faces several key challenges. The first is financial difficulties and the

second is a shortage of skilled personnel. Prices in the solar energy sector are highly volatile, causing some financial problems. For example, global prices for solar panels have fallen by 40% in the last six months. The company's other financial challenges are specific to Türkiye. Significant collateral is required to secure investment loans in Türkiye. Although Smart Solar Technologies would like to purchase new equipment and expand its investments through loans, the lack of collateral prevents it from taking advantage of financial opportunities. In addition, Türkiye's low credit rating from international rating agencies makes it costly to obtain foreign loans. Finding long-term and relatively inexpensive funding is a challenge.

Furthermore, as the solar energy sector has developed rapidly in recent years, it is difficult to find qualified personnel in this field. The demand for workers in the sector is increasing as the market grows. When new companies enter the sector, they can attract the necessary workers by offering high salaries. However, the relative newness of the solar energy sector means that the production equipment is also new, so workers need to learn how to operate it. In this respect, the support of vocational and technical schools is crucial. These institutions can help fill the gap by training the necessary workforce.

Pandemic's Impact on "Hidden Champions" Business Approach

The COVID-19 pandemic was accompanied by raw material supply difficulties and price increases. Despite all the negative effects of the pandemic, the company achieved growth of around 20% compared to the previous year. In 2020, the company launched the Smart Academy, an educational platform that began development in 2019. However, due to the pandemic, which affected 2020-2021, the company had to suspend the training sessions shortly after the establishment of the Smart Academy.

Meetings with employees were held online, which saved the company time and money. However, as the company continued production, workers had to be physically present in the factories. This situation led to fewer workers being employed and a reduction in production. Throughout the pandemic, production continued by government regulations.

Effects of the Ukraine War on "Hidden Champions" Business Operations

Smart Solar Technologies had established a solar panel farm in Ukraine in partnership with another company. However, this investment was disrupted by the war. Otherwise, the company was not significantly affected by the war in Ukraine, as most of the equipment and machinery in the sector is generally manufactured in China.

"A Nature-Friendly Company Powered by the Sun"

Founded in 2014, the company adopted its current trade name, Smart Güneş Enerjisi Teknolojileri Araştırma Geliştirme Üretim Sanayi ve Ticaret Anonim Şirketi, in 2016 and decided to invest in the production of photovoltaic solar panels and started the investment process for a production facility in Gebze. Over the years, the company has strengthened its capital and continued to invest in production lines. At its state-of-the-art automated production lines in Gebze, with an annual capacity of 1,200 MW and a closed area of 23,500 m², the company produces high-efficiency, high-quality solar panels using multi-busbar, PERC, half-cut cell, and bifacial technologies. In July 2022, the company increased its production capacity with the commissioning of the Dilovası plant, which has an area of 10,000 m² and a production capacity of 500 MW. In 2023, the panel production lines of the Aliğa panel and cell production plant commissioned, bringing the total production capacity to 2,900 MW. Smart Solar Technologies, one of Europe's leading integrated solar energy companies in turnkey installation services and

PV module production, offers a wide range of solar energy solutions for commercial and residential users. Headquartered in Istanbul, the company has offices and dealerships in Türkiye, the Netherlands, Spain, Germany, and Ukraine, as well as manufacturing facilities in Gebze, Dilovası, and Aliğa.

The Chairman of the Board, Halil Demirdağ, founded Smart Solar Technologies Renewable Energy Investment Company by investing in solar energy technologies. The company's international investments and strategic partnerships have been carried out under the leadership of Halil Demirdağ. Halil Demirdağ's educational background has been particularly effective in tracking industry developments and forecasting future trends. This underlines the importance of having knowledgeable and skilled human resources in the management of a company to be a leader in its sector. As a result of the company's activities and successful operations, its growth and development have been reflected in positive financial results, with turnover and profitability increasing over the years. By the end of 2023, the company's turnover had increased by 104% compared to the previous year, reaching TL 8.1 billion (equivalent to \$250 million today).

2. Berkosan Yalıtım ve Tecrit Maddeleri Üretim ve Ticaret A.Ş.

Overview

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Tel: +90 212 830 44 55 (Pbx)

Fax: +90 212 830 50 61

Email: www.berkosan.com

Web: <https://www.berkosan.com/tr>

Company information

Industry: Construction, Automotive, Fitting, Shoes & Bags, Packaging, Lifestyle

Year of Establishment: 1993

Sales Revenues in 2017: N/A

Sales Revenues in 2023: \$19 million USD.

Average number of employees in 2023: +250

Brainer(s) behind the company: Founder Memet Aldıkaçtı

Nature of market leadership

Berkosan Yalıtım ve Tecrit Maddeleri Üretim ve Ticaret A.Ş., which was established in Istanbul in 1993, is currently the inaugural company to have its shares offered for sale on the Emerging Companies Market under the Istanbul Stock Exchange, with approximately 300 employees. Following the Emerging Companies Market, Berkosan A.Ş. commenced trading on the Second National Market in 2012. Berkosan develops products in the categories of non-crosslinked polyethylene, polypropylene, and crosslinked polyethylene foam for leading companies in sectors such as automotive, plumbing, construction, packaging, footwear, and bags. It is the first company in Türkiye to start production in these three product lines, which indicated its early steps toward becoming a hidden champion. The company's founder and manager, who has served in public institutions for a considerable time, has established two factories in Tekirdağ Saray and Bilecik.

Berkosan continues to operate its Tekirdağ, Saray factory, which is constructed on 30,000 m² of open area and has 7,850 m² of covered area. The Bilecik, Bozüyük factory, which is situated on 45,000 m² of land and has 6,500 m² of covered area, commenced operations in 2014.

Furthermore, in Europe, the company has production facilities in Valencia, Spain, with 2,000 m² of covered area, and in Nova Pazova, Serbia, with 3,500 m² of covered area. Additionally, Berkosan has two subsidiaries in Serbia and Italy. Berkosan Yalıtım has a corporate structure and produces by European Union standards. It is one of the rare companies that predominantly manufactures for the construction sector.

All products manufactured by the company are designed to facilitate the use of green energy. They are not produced outside of European Union standards. The company's main sector is construction, where it produces interior and exterior insulation materials, as well as sound and heat insulation materials for buildings. One notable product, which can be considered a hidden champion product, is a protective material used during the transportation of delicate items to prevent breakage. This product is called Foamex. Foamex is a cross-linked polyethylene foam material with a closed-cell structure, resistant to moisture, odorless, elastic, and free from any harmful chemicals or heavy metals. It does not contain mold, fungi, or bacteria and does not wear or deform over time. Additionally, it offers flexible production options for providing sound and heat insulation comfort in building insulation. The company's production of specialized products has resulted in a high customer base, including corporate firms in Türkiye such as Arçelik, Vestel, and Koleksiyon Mobilya.

A significant proportion of the company's total turnover is derived from exports, with sales to numerous countries worldwide. The business is a family-run enterprise, with family members assuming managerial roles. In addition to the family members, there is a retired judge responsible for legal matters and a board member who has held senior management positions in banks, responsible for financial matters. Approximately 70% of the total loans used by the company are for construction activities. They primarily use loans from Eximbank and do not use foreign currency loans to avoid exchange rate risk. They meticulously record all their activities, paying attention to avoid any off-the-books transactions. The company adheres to the highest standards of financial responsibility, paying its debts to both the public and private sectors on time. Despite its status as an SME, it manufactures according to European Union standards, a rarity in the construction sector.

Nature of competitive advantage

Berkosan is one of the rare companies primarily focused on production for the construction sector. It specializes in high-quality thin products for sound and heat insulation rather than thick products, making its offerings highly sought after in the industry. Its products are generally designed to prevent damage to other products and align with the green economy. By strictly adhering to European Union standards, Berkosan ensures high-quality production, giving it a competitive edge over other firms. Additionally, the company finances its operations primarily through Eximbank-backed loans and avoids foreign currency-based loans to shield itself from the volatility of Turkey's economy. This approach reduces financial vulnerability and ensures business continuity.

Core lessons learned on the path to success

- Ensuring customer satisfaction is of paramount importance for the long-term viability and growth of the company.
- Increasing investments in R&D to develop new products plays a pivotal role in leading the industry.
- A highly educated, conscious, motivated, and dynamic workforce enables the company to meet customer demands most quickly and accurately.

- The company's small and medium-sized enterprise (SME) status fosters a more intimate working environment and increases employee loyalty.
- The selection of senior managers and managerial candidates inside the company serves to maintain the loyalty of employees to the company.

Management and leadership development needs

Berkosan's objective is to enhance the quality of life in the sector it leads. To this end, the company is focused on customer satisfaction, the production of import-substitute products through R&D efforts, the retention of national resources within the country, and the achievement of maximum competitive power in both domestic and international markets. This is to be achieved through the utilization of the most advanced technologies and a robust financial structure. However, as is the case with many sectors of this kind, one of Berkosan's significant needs is skilled technical personnel. The demand for such employees in a company oriented toward innovation and the use of technological equipment and products can be met by emphasizing technical and vocational high schools.

Additionally, the company's biggest challenge is public sourcing. There are some infrastructure issues in the factory buildings located in Tekirdağ Saray and Bilecik. Local administrations present a significant challenge in the areas where the factories are situated. A significant portion of these issues are related to energy and wastewater. Another challenge is the difficulty in recruiting personnel to work in the factories because the cities where the factories are located are small and not densely populated. Moreover, it is very difficult to access a qualified workforce.

Financing and regulatory environment development needs

The thermal and acoustic insulation sector in which Berkosan operates is open to innovation, and products are generally manufactured for industries such as construction, home appliances, furniture, and electronics. Therefore, new products must be of higher quality and produced according to European standards. It is important to note that environmentally friendly production is a necessity, requiring investments in technology and machinery. However, such investments cannot be made in a short time. Like many production sectors in Türkiye, there is a need for financial resources for investment expenditures. It is unfortunate that, in recent years, financing sources in Türkiye have become very limited and expensive. This is due to the low credit rating of Türkiye, which results in high credit interest rates. To mitigate liquidity risk, the group management maintains sufficient cash and similar resources to meet current and potential obligations, as well as distributing fund sources. When necessary, factoring services are utilized. The group is exposed to interest rate risk due to changes in interest rates from Libor-indexed bank loans. While fixed-rate bank loans do not carry any risk, future bank loans are affected by interest rates. Berkosan Yatırım's investments progress slowly due to its reluctance to take on exchange rate risk and its desire to avoid high-cost borrowing.

Another pressing need in Berkosan is education, particularly for blue-collar workers. Blue-collar workers are vital for production and are required to operate newly acquired machinery. Without them, it is not possible to transition to sustainable production without the use of technological products, and carbon footprint targets cannot be met. Therefore, blue-collar workers must be trained with new products and devices. Türkiye's fundamental problem in education is the low demand for vocational high schools and technical schools. Technical schools are of great importance in the training of mid-level skilled workers. These employees are of great value to companies, as they are the driving force behind the production process.

Without the input of technical workers, many companies would be unable to carry out production.

Pandemic's Impact on "Hidden Champions" Business Approach

It is beyond dispute that the global pandemic, which began in 2020 and continued into 2021, had a profound impact on Türkiye. As with the rest of the world, the pandemic placed significant demands on the logistics sector, resulting in challenges in the timely supply of raw materials. Furthermore, there were upward trends in production and labor costs. White-collar workers were able to work remotely, without having to attend the office, which provided both time and cost advantages to the company. The pandemic also accelerated the transition to a digital signature system within the company, facilitating the movement of documents in electronic format and minimizing time loss. Blue-collar workers were physically present in the factory to ensure that production continued. However, production was carried out with an eye to social distance.

Effects of the Ukraine War on "Hidden Champions" Business Operations

Berkosan Yalıtım does not export to Ukraine. In general, exports are made to European Union countries such as Sweden, Finland, Germany, and the United Kingdom. The conflict in Ukraine has hardly hurt the company.

"Center for Sustainable Insulation and Packaging Solutions for Human Life"

Berkosan Insulation and Isolation Materials Production and Trading Inc. is the first company to offer shares on the Emerging Enterprises Market (EEM) of the Istanbul Stock Exchange (ISE) and currently employs around 300 people. The company's product range encompasses six distinct brands, with products developed in the categories of straight-linked polyethylene, polypropylene, and cross-linked polyethylene foam for leading organizations in sectors including automotive, plumbing, construction, packaging, footwear, and bags. Berkosan is the first Turkish company to commence production in these three product categories. Berkosan continues its production with its Tekirdağ, Saray factory, which is built on 30,000 m² of open space with 7,850 m² of closed area.

Additionally, the company has established a second factory in Bilecik, Bozüyük, which commenced operations in 2014. This factory is built on 45,000 m² of land with 6,500 m² of closed area. Furthermore, production occurs in Valencia, Spain, with 2,000 m² of closed area, and Nova Pazova, Serbia, with 3,500 m² of closed area in Europe. As of the end of 2023, Berkosan Yalıtım's total equity amounts to 383,848,060 TL (approximately 12 million \$ at today's value).

The products of Berkosan are in high demand in infrastructure projects abroad. Furthermore, Berkosan is typically selected for the protective materials utilized during the transportation of products. The products are preferred due to their high performance in terms of material quality and insulation. Berkosan Insulation places a premium on quality production, eschewing marketing policies in favor of a focus on the production of quality, green, and sustainable products. As the company achieves these goals, it increases its customer potential abroad and is rewarded domestically for its economic contributions. In the 2014 SME and Entrepreneurship Awards Ceremony, which was held on a national scale and organized by the Small and Medium Enterprises Development and Support Administration of the Republic of Türkiye (KOSGEB), Berkosan Insulation and Isolation Materials Production and Trading Inc. was presented with a Success Certificate in recognition of its success in reaching the final in the category of "SUCCESSFUL SME OF THE YEAR AWARD". In the 2015 4th SME and Entrepreneurship Awards

Ceremony, the company once again received the "SUCCESSFUL SME OF THE YEAR AWARD."

Ukraine

1. BUILDING GUILD OF UKRAINE LLC

Overview

Address: Kyiv, str. Saperno-Slobidska 57

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+38 (067) 408 51 55

Email: office@budgild.com.ua

Web: <https://budgild.com.ua/>

Company Information

Industry: Trade in construction materials

Year of establishment: 2007

Sales Revenues in 2017: EUR 8 205 228,61

Sales Revenue in 2023: EUR 20 293 557,75

Average number of employees in 2017: 67

Brainer(s) behind the company: CEO Polina Ovcharova

Building Guild of Ukraine LLC is a leading comprehensive supplier of goods for housing construction, repair, and furnishing. The company provides various building materials, such as insulation, facade plaster, dry mixes, plasterboard systems, suspended ceilings, paint for interior and exterior work, waterproofing, and additional finishing material. The company is known for helping with selecting, purchasing, and supplying building materials for construction sites.

Nature of Market Leadership

To gain and maintain a leading position in the building materials market, Building Guild of Ukraine LLC constantly monitors market trends and quickly responds to trends, adapting to changes in consumer preferences. For this, a project team was created that regularly researched trends and demand in the building materials market and construction methods, architecture, renovation, and design methods. The management team analyzes customer requests and suggests changes in product range and customer service. This customer orientation allows us to provide the highest-class service and to distinguish the company in the construction materials supply market. Building Guild of Ukraine makes every effort to ensure the highest level of quality customer service because all managers undergo regular training, as well as due to the introduction of innovative electronic technologies for processing orders and their payment. The transition to electronic document management not only contributes to the achievement of the SDGs and the development of the "green economy" but also significantly speeds up the processing of orders, providing customers with an unparalleled experience of interaction with the company, which promotes loyalty and returning customers to create new orders.

Building Guild of Ukraine LLC has created a reliable network of partners who produce and supply high-quality construction products and are, in turn, market leaders. This allows us to provide customers with the best quality. For this purpose, quality managers check the availability of quality certificates and monitor the quality of products entering the warehouse. The company's employees know exactly how this or that product is produced because visiting the manufacturers' factories is a good tradition when creating partnerships and organizing business

interactions.

Warehouse logistics of Building Guild of Ukraine LLC is organized at the highest level, which ensures the quality of storage of products in warehouses from the moment they enter the warehouse and are shipped to the end consumer.

Nature of the Competitive Advantage

1. Customer orientation. The main goal and main principle in work is customer satisfaction. Customer care is the main competitive advantage that ensures impeccable service. The company knows how to get discounts from manufacturers and suppliers and offers customers the best prices for the highest quality products. The company's management is characterized by empathy, which is aimed at understanding the needs of each client. Clients have a personal manager who always reminds them about related products and offers more profitable analogs. There is a system of discounts for regular customers.
2. Trend watching. Building Guild of Ukraine LLC regularly researches market trends and keeps its finger on the pulse, monitoring changes in production and supply of goods. Regular competitive analysis allows you to control the cost of the order.
3. Transportation swiftness. Thanks to its fleet, Building Guild of Ukraine LLC offers additional savings on transport in Kyiv and the Kyiv region. They also have agreements with various market-leading logistics companies for fast and safe delivery of orders across Ukraine.

Core Lessons Learned on the Path to Success

Building Guild of Ukraine LLC has achieved considerable success in the building materials market in Ukraine for 16 years. Thanks to an extensive range of products, an established supply system, and a high level of service, the company has become a reliable partner for many construction projects. Many life lessons have been learned on the path to success; here are the main ones.

1. A wide range of products is critical to meeting the needs of various customers and increasing market share.
2. Coverage of a broad geographic market ensures stable risk and allows the reduction of the risks associated with economic fluctuations in individual regions.
3. Well-established supply processes and efficient logistics are critical to meeting customer needs promptly and building long-term relationships.
4. A high level of service, including the availability of goods in warehouses and fast delivery, is a place to retain customers and increase their loyalty.
5. Continuous development and expansion are necessary to maintain the competitiveness and growth of the company.

The key to the success of the Building Guild of Ukraine LLC is a steady effort to adapt to market conditions.

Management and Leadership Development Needs

The company must regularly update its knowledge about building materials to develop management and leadership. Therefore, together with partners, Building Guild of Ukraine constantly conducts education and training at enterprises with visits to production. The need for such measures increases yearly because new materials, production, and construction technologies are available.

Beyond technical knowledge, education should focus on fostering strategic foresight, agile decision-making, and the ability to lead change, allowing these companies to thrive in a

constantly evolving industry.

Education initiatives should move beyond general management principles and focus on areas like technology integration leadership, sustainable innovation management, and supply chain resilience. Leaders need to be empowered to navigate the complexities of adopting new materials and technologies, driving efficiency, and fostering a culture of continuous improvement within their organizations.

The future of the Hidden Champions program requires a dynamic approach to management and leadership education, built on collaborative learning and strong industry partnerships. Educational programs should facilitate knowledge sharing, mentorship, and practical experience through initiatives like industry visits and collaborative projects. This will enable leaders to stay abreast of the latest advancements, build strong networks, and develop the strategic vision necessary to lead their companies into the future. The program must leverage partnerships, like those with the Building Guild of Ukraine, to ensure that the educational content remains relevant and cutting-edge.

For the Hidden Champions program to remain effective, future management and leadership education must emphasize strategic foresight and technological agility. Leaders need to be equipped to anticipate and adapt to the rapid influx of new building materials and production methods. This requires a focus on developing skills in innovation management, changing leadership, and the ability to translate technological advancements into competitive advantage.

Financing and regulatory environment development needs

To develop the regulatory environment, the company invests in its product range and improves warehouse capabilities to ensure a wide selection, availability, and quality of construction materials for customers. It is appropriate to finance marketing and advertising activities that help increase the company's reputation among potential partners and customers. Participation in construction forums, conferences, and other events to improve stability and transparency in the entire industry is essential for development.

Building materials wholesaling companies face significant financial and regulatory challenges. Navigating complex and evolving building codes and environmental regulations demands substantial investment in compliance measures. Maintaining a diverse and compliant product range requires continuous capital expenditure for inventory and warehouse upgrades. Furthermore, fluctuating market conditions and increasing competition necessitate strategic financial planning to manage cash flow and ensure profitability, especially when faced with the costs of regulatory adjustments and potential penalties.

The building materials wholesaling sector is characterized by tight margins and significant financial risks. Companies must contend with volatile material prices, fluctuating demand, and the substantial capital tied up in inventory. Regulatory changes, such as new environmental standards or import/export restrictions, can further exacerbate these financial pressures. Securing adequate financing, managing credit risk, and implementing robust financial controls are essential for survival and growth in this challenging environment.

Wholesaling building materials presents a unique set of regulatory and financial hurdles. Companies must invest heavily in ensuring their product lines meet stringent safety and environmental standards, often requiring extensive testing and certification. This regulatory burden, combined with intense competition, necessitates careful financial management. Balancing the need for competitive pricing with the costs of compliance and operational efficiency is a constant challenge, demanding strategic investment decisions and proactive risk management.

Building materials wholesalers grapple with significant financial and regulatory pressures. Capital-intensive inventory management, fluctuating material costs, and strict compliance requirements create a complex financial landscape. Navigating evolving regulations and maintaining competitive pricing while ensuring profitability demands astute financial planning and risk mitigation strategies.

Pandemics' Impact on 'Hidden Champions' Business Approach

Expectations at the beginning of the lockdown were not encouraging, but the recovery in demand and sales were relatively fast. The company quickly adapted to safety and hygiene protocols - most of the sales managers and other employees (supply managers, accountants) of the company worked remotely, all payments were accepted electronically as much as possible, customers were accepted in the office only for the shipment of goods or payment (if it was not possible to pay otherwise).

Effects of the Ukraine War on "Hidden Champions" Business Operations

The war in Ukraine had a significant impact on business. After the full-scale invasion, some companies ceased to exist, resulting in not only good customers and suppliers being lost but also money because they worked with some of them on post-paid contracts. New customers must be more carefully checked for solvency and honesty in business. Since the beginning of the war, it has been necessary to calculate risks for the company more often and consider more risk factors. Some business partners had to move their production abroad, and the company began to experience significant shortages and disruptions in specific categories of goods. On the other hand, due to this shortage, the company started to look for other manufacturers of these types of goods and thus expanded its range.

Building Guild of Ukraine LLC is the market leader in the supply of construction materials in Ukraine, and builders throughout the country trust it. This is a professional company with 16 years of experience selling building materials and solutions in the construction field. The company offers high-quality materials and effective solutions for any construction project. Its services include consulting, sales, and delivery of construction materials. The company works with all types of customers, guarantees access to the best materials and innovative technologies, and knows how to help customers make high-quality solutions that meet their needs.

Contributing to its role as the market leader, Building Guild of Ukraine LLC specializes in a complex supply of goods for housing construction, repair, and furnishing. The company offers various building materials, such as insulation, facade plaster, dry mixes, plasterboard systems, suspended ceilings, paint for interior and exterior work, waterproofing, and additional finishing materials. The company works with proven manufacturers, such as BAUMIT, Ceresit, Sika, Siltek, Izovat, Isover, Rockwool, Sweetondale, Caparol, Botament, Polimin, Dufa, Siniat, Bostik, Botament, Kompozit, Spectrum, Wellton, Armstrong, and others.

Building Guild of Ukraine LLC is focused on the following strategic activities:

- Leading positions and building long-term partnerships with clients of the construction market.
- Benchmark for sales conversion.
- Increasing basic knowledge of materials and solutions through training
- Increasing the sales competencies of the managerial staff
- Increasing the number of active managers.
- Opening of new company branches.

The company needs to adhere not only to its goals but also to SDGs:

- Education – the company encourages employees to receive high-quality education and improve their qualifications and organizes seminars and trainings in its own offices with its partners. (SDG No. 4). Provide training to construction professionals on the use of new, sustainable building materials. Offer educational workshops for local communities on energy-efficient building practices.
- Building Guild of Ukraine LLC supports gender equality (SDG No. 5)
- The company supports energy saving and participates in programs to improve energy efficiency (SDG No. 7) Prioritize the wholesale of energy-efficient insulation, windows, and solar panel components.

Partner with manufacturers of sustainable building technologies.

- Building Guild of Ukraine LLC ensures that each employee receives a decent salary and comfortable and safe working conditions; the company provides everything necessary for work (SDG No. 8). Ensure fair wages and safe working conditions for all employees.

Support local manufacturers, contributing to regional economic growth.

By focusing on local producers, they are helping to ensure continued jobs within the country.

- The company advocates a healthy lifestyle and encourages the company's employees and partners to do so (SDG No. 3). Promoting health and well-being enhances employee productivity and creates a positive work environment, contributing to a healthier society. This shows a holistic approach to employee care.
- Building Guild of Ukraine LLC is a transparent company which do not support corruption (SDG No. 17)

- Support Ukraine! Building Guild of Ukraine LLC is a Ukrainian company that works with local manufacturers as much as possible and supports the Armed Forces (SDG No. 17).

In May 2023, the Building Guild of Ukraine LLC became a partner of "eRecovery" - a state assistance program for homeowners affected by hostilities in the East of Ukraine. This program allows you to get financing for repairing and reconstructing broken homes. As part of this program, Building Guild of Ukraine LLC offers a wide range of building materials: dry building mixes, insulation, paint and varnish materials, roofing materials, plasterboard systems, floor coverings, etc. Each participant of the "eRecovery" program receives a 15% discount on any product category from the Building Guild of Ukraine LLC. In this way, the company helps Ukrainians to restore their housing as quickly, qualitatively, and economically as possible.

In May 2024, the Building Guild of Ukraine LLC became a member of the Board of Directors of the "Conference of Builders of Ukraine." This is an essential step towards the reconstruction of Ukraine and the development of the construction industry. Building Guild of Ukraine LLC is a powerful player and part of the construction community to join forces to discuss the industry's current challenges and for the future reconstruction of Ukraine.

The company believes that by communicating and establishing partnership relations with other construction companies, the Building Guild of Ukraine LLC will reach new heights and provide a stable future for Ukraine's construction industry.

Uzbekistan

1. ERMAK

Overview

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Fax:

Email: ermak.uzb@gmail.com

Web: <https://ermak.uz>

Company information

Industry³⁰: Manufacturing

Year of Establishment: 1992

Sales Revenues in 2017:

Sales Revenues in 2023:

Average number of employees in 2023:

Brainer(s) behind the company Valijon Solixov

Nature of market leadership

ERMAK's competitive advantage is rooted in several key strategic elements that have enabled the company to distinguish itself in the food products market in Uzbekistan and internationally.

Establishing Leadership in a Dynamic Market

The process of its growth to a dominant market position started in 1992 as the company saw a new, unexplored area in the Uzbek food market. During that period, ordinary local snack foods, such as sunflower seeds and kurt, were often sold in a raw and/or unpackaged state. Being able to realize the opportunity of updating these products, ERMAK, owing to the new packets – pure and hygienic snacks – changed consumers' perceptions and created post-industrial standards. By 1996, the prepared food product manufacturing company had proved viable, with only one drying chamber to its 10 tons daily output.

This has enabled ERMAK to gain market leadership through offering consumers what they desire in their respective areas. At the beginning of the 2000s, consumer consciousness regarding the usage of healthier natural food products increased worldwide. In this context, ERMAK established strategic emphasis on organic food products as well as minimally processed products. By 2023, ERMAK had expanded its portfolio to other products such as ayran, made from nut paste, and marmalades. This strategic diversification exposed ERMAK as a reliable local and international brand exporter to countries such as the USA, Israel, and the Persian Gulf.

Dominance Through Innovation and Scale

It involved innovative specialization, production, and marketing techniques as a key to the leadership of ERMAK. From \$5,000 in 1993, they introduced a roasting machine to process and pack sunflower seeds under the brand name, ERMAK. But the company did not give up and slowly and steadily succeeded in developing a good market with the help of consumers through convincing the market regarding the nutritional values of Sunflower seeds, which are enriched with Vitamin E and antioxidants. In the same year 2024, the company has a product portfolio that includes not only traditional snack products but also new generation solutions like kurtaba, launched in 2020, and dessert pastes launched this year; all of which fits in the needs of the consumers as described by Radjou and Prabhu (2015).

Another aspect that puts ERMAK in a leadership position is the production scale. What began as one bag of sunflower seeds has grown into a company that produces over 10 tons of products daily and has over 400 workers in its production outlets. Its investment in superior packaging technologies, including vacuum packing, has seen the products retain their freshness; this is translated into more shelf life, a key aspect that has enabled it to build trust with the consumers and open up for a larger market share.

³⁰ According to NACE Rev. 2 – please check the technical instructions included in this document (pg. 9).

Market Recognition and Export Success

ERMAK's leadership is not limited to domestic markets only. The organization exported its products to the USA, Kazakhstan, Israel, and the Persian Gulf countries by 2023, earning more than one million US dollars in export revenue in 2022. It is highly accredited through various international quality certifications, such as the Halal certificate in Gulf markets. It is necessary to note that ERMAK plans to enter the European market deeply; moreover, it has already started trial shipments to Lithuania and Latvia; the company also participates in events like the International Green Week in Berlin.

Another value of leadership within this company concerns its attempts to meet unsatisfied needs. ERMAK has been able to increase its production by 1.5 times within the last six months and still has more trade demand for its products, proving its market demand. Subsequently, by 2024, the company aims to add energy bars and grape seed oils to the food list and remain a market leader in the Uzbek food business and internationally.

Commitment to Quality and Hygiene

Since the beginning of the operation, ERMAK has been pursuing quality and hygiene as a guiding principle. Unlike some conventional merchandise found in bazaar-like outlets, snacks produced by ERMAK bear high sanitary standards, and each procedure is controlled and scrutinized. Such commitment has given the company the recognition of the consumers, business partners, and positioned it as the market leader in the Uzbekistan packaged food market (Juran, 1992).

Nature of competitive advantage

ERMAK's competitive advantage is built on several strategic pillars that distinguish the company in the competitive landscape of Uzbekistan and beyond. These pillars include a steadfast commitment to quality, continuous innovation, strategic diversification, effective vertical integration, strong customer relationships, and a dedication to ethical practices and sustainability.

Commitment to Quality

One factor that has helped ERMAK stay ahead of its rivals is its cardinal policy, which has emphasized quality and hygiene since its formation in 1992. In contrast with many similar companies, there are no instances of artificial additives and fillers being used. For example, its kurt consists of no raw flour used in the market but has used pure natural elements for its production, for a reasonable price of nearly \$25 per kg, equivalent to a quality parmesan cheese. This has built consumer confidence since products undergo quality checks from time to time across all outlets to meet the set standards of ERMAK (Juran, 1992).

Continuous Innovation

Strategic management has pointed out that innovation has been the key strength that has supported ERMAK's success. Alcoholic lemonades known as kurtaba were launched in 2020 to develop kurt and target younger and healthier consumers. Until 2022, to meet the global tendencies towards natural plant-based pastes, ERMAK introduced dessert pastes made of peanuts, sesame, and cashews. These products have obtained a lot of market acceptance, especially in the Baltic and Gulf regions, where customers prefer organic and natural products. From its prospective visions of various products, we can see that ERMAK already has a greater vision for the company. The Company's plans for a significant new product launch in 2024 include energy bars made predominantly from nuts, honey, and fruits, geared at the expanded consumer trend towards 'snacking.' Further, ERMAK's extraction of oil from grape and pomegranate seeds, started in 2023, proves a steady focus on waste elimination as well as value addition.

Strategic Diversification

For several years, various risks have been counterbalanced, and new opportunities have been captured thanks to the flexibility and variety of services provided by ERMAK. Originally the company only offered packaged sunflower seeds, but in the following years it widened its range of products to ayran, nut pastes, marmalades and organic juices. Using this diversification strategy, ERMAK has benefited from the opportunities to cover all its target consumers, including the conventional snack lovers and people who care about the quality of their food and snacks. In 2023, ERMAK began exporting its products to over five countries, namely the USA, Israel, and Kazakhstan, with over \$ 1 million export revenue in 2022 (Ansoff, 1957).

Effective Vertical Integration

Vertical integration has been ERMAK's key growth strategy to maintain the quality of the supply chain. This ensures the company obtains that local and international demand for sunflower seeds while using quality seeds from China. ERMAK has total control over the manufacturing process from the purchase of raw materials to the packaging, which has ensured and implemented strict quality control measures while ensuring efficient cost control. With the help of this approach, it became possible to make more than 10 tons of snacks per day to satisfy people's increased need and at the same time maintain affordable prices for products (Williamson, 1975).

Strong Customer Relationships

ERMAK's capability to sustain a good relationship with its clients enhances and outlines a good strategy for this company. The company is also consumer friendly mainly due to its frequent market research and feedback taking. For instance, the initial export of kurt to the USA was aimed at the Russian immigrants but has since adapted to other Americans as more people increase their knowledge of what it contains. Besides targeting the consumers' needs and wants, this has created sales and helped build ERMAK as a reputable brand (Kotler & Keller, 2016).

Dedication to Ethical Practices and Sustainability

This is an innovation to the competitors since ERMAK tends to adopt ethical practices and sustainability. By 2023, the company had managed to make the production line free from waste by extracting oil from the residue materials, such as grape and pomegranate seeds. At some extent, ERMAK does not appeal to any non-recyclable packaging material and packaging materials that pose a threat to the environment. This commitment to sustainability is in tune with other consumers worldwide; it has influenced ERMAK to acquire different forms of certifications like the Halal certification of its products in the countries in the Gulf that have certified its products, enhancing customer demand.

At ERMAK, the company's key strengths are the combination of tradition and innovation, high quality and environmental responsibility, domestic talent, and international best practices. These factors that always adjust to the market demands, take steps towards vertical integration, and ensure a high level of customer satisfaction make ERMAK have a very strong and unique niche. They keep checking ERMAK's strategic preview and maintain its sustainable advancement for further development within the food industry that will never stand still.

Core lessons learned on the path to success

ERMAK's journey from a small startup to a leading food products company in Uzbekistan offers several core lessons that are instrumental for understanding its path to success. These lessons revolve around market understanding, continuous quality improvement, innovation, employee development, and strategic adaptability.

Importance of Market Understanding

One of the most critical lessons learned by ERMAK is the importance of deeply understanding market needs and consumer preferences. Initially, the company faced significant market skepticism, particularly concerning the hygienically packaged versions of traditional snacks like sunflower seeds, kurt, and kurtoba. ERMAK overcame this challenge by conducting thorough market research to identify gaps and consumer demands. ERMAK successfully transformed market perceptions and built a loyal customer base by tailoring their products to meet these specific needs. This lesson underscores the value of consumer-centric strategies in driving business success (Kotler & Keller, 2016).

Continuous Quality Improvement

Maintaining high-quality standards has been a cornerstone of ERMAK's success. The company has learned that continuous quality improvement is essential for satisfying current customers and attracting new ones. ERMAK's commitment to rigorous quality control and hygienic packaging has set it apart from competitors and established it as a trusted brand. This approach aligns with Total Quality Management (TQM) principles, emphasizing ongoing efforts to improve products, services, and processes (Juran, 1992). ERMAK's experience demonstrates that a relentless focus on quality can lead to sustained competitive advantage and market leadership.

Embracing Innovation

Innovation has played a pivotal role in ERMAK's growth and success. The company has learned that adopting low-cost innovation techniques and continuously improving its processes are vital for staying competitive. ERMAK's ability to innovate within budget constraints, such as through lean manufacturing principles, has enabled it to enhance product quality and operational efficiency. Additionally, the company's diversification into new product lines, like organic juices and nut butters, reflects its commitment to innovation in meeting evolving consumer preferences (Radjou & Prabhu, 2015). This lesson highlights the importance of fostering a culture of innovation to drive business growth.

Employee Development and Well-Being

ERMAK has also recognized the critical role of employee development and well-being in achieving business success. The company has learned that investing in employees' professional growth and creating a supportive work environment leads to higher job satisfaction, retention rates, and overall productivity. Valijon's emphasis on on-the-job training, continuous improvement, and providing a safe and inclusive workplace has been instrumental in building a committed and capable workforce (Freeman, 1984). This lesson underscores the value of prioritizing employee welfare as a strategic asset for the company.

Strategic Adaptability

Finally, ERMAK's journey has highlighted the importance of strategic adaptability. The company has demonstrated an ability to navigate various challenges, including market skepticism, operational hurdles, and regulatory complexities, by being flexible and responsive to changing market conditions. ERMAK's strategic moves, such as vertical integration to control supply chain quality and costs, and expanding into international markets, reflect its adaptive approach to growth (Ansoff, 1957). This lesson emphasizes the necessity of strategic agility in sustaining long-term business success in a dynamic environment.

Management and leadership development needs

ERMAK's impressive growth and success have underscored the importance of robust management and leadership development to sustain its competitive edge and drive future

expansion. The company's journey highlights specific knowledge, competencies, and skills essential for current and future leaders within the organization.

Knowledge Development

To navigate the complexities of both domestic and international markets, ERMAK's management needs a deep understanding of market dynamics, consumer behavior, and global business practices. Knowledge in market research, competitive analysis, and international trade regulations is crucial. For instance, ERMAK's triumphant entry into markets like the United States, Germany, and Japan necessitates comprehensive knowledge of these markets' regulatory landscapes and consumer preferences. Leaders must stay informed about global trends in the food industry, particularly the growing demand for organic and minimally processed products, to align the company's strategies with market opportunities (Porter & Kramer, 2006).

Competence in Strategic Planning and Innovation

ERMAK's management must continue to enhance its strategic planning capabilities to adapt to changing market conditions and sustain growth. This includes competencies in strategic diversification, as demonstrated by ERMAK's expansion into new product lines such as organic juices and nut butters. Effective strategic planning requires anticipating market trends, identifying growth opportunities, and developing actionable plans to capitalize on them (Ansoff, 1957). Additionally, fostering a culture of innovation is critical. Managers should be competent in encouraging and managing innovation, ensuring that the company remains at the forefront of industry developments and can continuously improve its products and processes (Radjou & Prabhu, 2015).

Leadership Skills in Employee Development and Engagement

ERMAK's leadership development must emphasize skills in employee development and engagement. Given the company's focus on creating a supportive and inclusive work environment, leaders must be adept at fostering a culture of continuous improvement and professional growth. Skills in coaching, mentoring, and providing constructive feedback are essential to help employees achieve their full potential. Valijon's emphasis on employee well-being, such as providing meals and ensuring a psychologically safe workplace, highlights the need for empathetic and supportive leadership (Freeman, 1984). Leaders must build strong teams, enhance employee satisfaction, and reduce turnover through effective people management practices.

Financial Acumen and Operational Efficiency

As ERMAK continues to scale its operations, financial acumen and operational efficiency become increasingly important. Leaders must be proficient in financial management, including budgeting, economic analysis, and cost control. Understanding the economic implications of strategic decisions and ensuring the company's financial health are critical for sustaining growth. Additionally, skills in operational management, such as optimizing supply chain processes and implementing lean manufacturing principles, are essential for maintaining cost-effectiveness and high product quality (Juran, 1992).

Adaptability and Risk Management

The dynamic nature of the food industry and the global market necessitates adaptability and strong risk management skills. ERMAK's leaders must be able to respond swiftly to changes in the market environment, such as new regulatory requirements or shifts in consumer preferences. This requires a proactive approach to risk identification, assessment, and mitigation. Effective risk management ensures the company can navigate uncertainties and maintain its competitive advantage (Hubbard, 2009). Leaders should also be skilled in change

management, guiding the organization through transition periods and ensuring that employees are aligned with new strategic directions.

Financing and regulatory environment development needs

For ERMAK to sustain its growth and expand, addressing the development needs related to financing and the regulatory environment is crucial. The company must navigate these areas effectively to secure the necessary resources and maintain compliance with evolving regulations.

Financing Development Needs

As ERMAK continues to scale its operations and diversify its product line, securing adequate financing becomes increasingly essential. The company needs capital to invest in new technologies, expand production capacity, and enter new markets. Initially, ERMAK managed to grow with limited resources, such as the \$300 investment in equipment and purchasing a production facility for 30,000 Uzbek som coupons. However, future growth will require more substantial and sustained financial support.

One of the primary development needs is accessing diverse sources of financing, including bank loans, venture capital, and government grants. ERMAK could benefit from building relationships with financial institutions that understand the unique challenges and opportunities in the food industry. Additionally, exploring partnerships with international investors can provide not only capital but also valuable insights and connections to global markets. Developing a robust financial strategy with a mix of debt and equity financing will be critical for supporting ERMAK's expansion plans.

Moreover, ERMAK needs to enhance its financial management capabilities to allocate resources and manage risks associated with financial investments efficiently. This includes developing expertise in financial planning, budgeting, and analysis to ensure the company can sustain its growth trajectory while maintaining financial health. Implementing advanced financial management systems can help track performance and make informed decisions.

Regulatory Environment Development Needs

Navigating the regulatory environment is another critical aspect of ERMAK's development needs. The regulatory landscape in Uzbekistan has been evolving, with the government introducing reforms to improve the business climate and attract foreign investment. While these reforms have created a more favorable environment for businesses, ERMAK must remain vigilant in ensuring compliance with local and international regulations.

ERMAK's expansion into international markets, such as the United States, Germany, and Japan, requires strict adherence to diverse regulatory standards. This includes obtaining necessary certifications for food safety, organic production, and environmental sustainability. The company has already committed to these standards by securing certifications from laboratories in Latvia, Turkey, and Germany. However, maintaining and updating these certifications will require ongoing attention and resources.

The company must also stay abreast of changes in local regulations that may impact its operations. This includes food safety, labor, environmental protection, and trade laws. Engaging with regulatory bodies and participating in industry associations can provide ERMAK with valuable insights and a voice in shaping regulations that affect the food industry. Building a dedicated regulatory compliance team within the company can ensure that ERMAK remains proactive in managing regulatory risks and can respond quickly to any changes.

Furthermore, ERMAK could benefit from leveraging government programs and incentives to support business growth and innovation. This includes grants, tax incentives, and other forms of support for companies that prioritize quality, sustainability, and social responsibility. By aligning its strategic goals with these programs, ERMAK can enhance its competitive advantage and secure additional resources for development.

Pandemic's Impact on "Hidden Champions" Business Approach

The pandemic reached every corner of the world, it was a painful ordeal for people and families, and required people to stay isolated with limited ability to be entertained. For ERMAK, such an environment was quite favourable about focus on consumers' needs and wants, primarily pointed to the easily accessible, healthy and enjoyable products that can bring people some relief. The company's name in Uzbek which translates as "pleasant pastime" was a reminder of temporary relief during the lockdowns. Sunflower seeds, it is a snack that has vitamins E and B-complex, it grew well with families who needed snacks most of which are healthy therefore buying snacks like the sunflower seeds from ERMAK.

To meet this unprecedented demand, ERMAK experienced a growth in production rates in 2019, from 8 tons to over 10 tons a day by Mid-year 2020. At the same time, it provided its consumers with what can now be regarded as a trend of choosing products preserved from chemical goods. This trend suited perfectly the environmental corporate image of ERMAK, which led to reconsideration of the firm's packaging, design, and products. By the end of 2021, ERMAK had pioneered biodegradable packaging and redesigned its visual identity to attract the consumer's concern with their health.

The pandemic also impeded ERMAK's diversification into related product types. It entered the natural fruit juices and dessert pastes market in 2021, with natural products having health benefits highlighted. In response to this growth and to maintain quality, ERMAK acquired new technologies, including Automated vacuum packing machines, and recruited more than 50 employees. The company also used digital solutions in its accounting and data processing within its profitable operations. In addition, ERMAK finally selected and cultivated young and outstanding employees in IT and then sent them to specialized training to apply new technologies in the production process.

Therefore, it is quite evident that COVID-19 posed a threat to companies all over the globe, but it was beneficial to ERMAK due to its versatility and focus on the customer. The campaign meant that while helping families get through these challenging periods through enjoyable and nutritious snacks, it also helped build ERMAK's competitive advantage as a natural and healthy snack market leader.

Effects of the Ukraine War on "Hidden Champions" Business Operations

The emergence of the Ukraine war in 2022 affected supply chains and caused problems for businesses. Although ERMAK was not directly involved with Ukraine or Russia, this conflict also bombarded the international trade sphere. Exports from Ukraine declined largely, and the sanctions imposed on Russia limited supply even more. For ERMAK, these disruptions entailed several risks that were optimistically balanced with potential benefits.

On the opportunity side, the void seen in the international snack niche contributed to a spike in ERMAK's demand for the products in novel regions, such as the European Union, Korea, Japan, and the Persian Gulf. Thus, by the end of 2022, the overall export volume in ERMAK has risen by 40 percent, and ERMAK's key markets are asking for additional volumes of sunflower seeds and kurt. This growth required immediate changes to product form and cover to cater to

all customer tastes, especially the European market, which prefers simple and recycled materials.

In response to this growing demand, ERMAK began making preparations to increase manufacturing capability. Since the beginning of the new year 2023, the company has started purchasing new plants in other zones of Uzbekistan, at Fergana valley regions and Angren economic zone. These are expected to come on stream by 2024, and export production will be the main thrust area. With this expansion, ERMAK should be able to double production and output more than 20 tonnes per day by 2025.

But the war also introduced some major problems, especially in sourcing raw materials and swelling logistics expenses. With the foregoing in mind, ERMAK worked at enhancing supplier relations and considering options of sourcing materials from outside the locality. The company also saw the need to invest in technologies that would help deal with increasing transport costs.

“ERMAK's Journey: Leveraging Quality and Innovation for Market Leadership”

ERMAK was established in 1992 by Valijon Kuchkarovich, who was 41 years old. Before founding ERMAK, he had spent two decades working in the construction industry, specifically in the Mechanization Department, where he managed the preparation of construction sites throughout Tashkent. His extensive experience included overseeing the excavation of approximately 500 pits, and he advanced from a foreman to the position of chief engineer.

With the dissolution of the Soviet Union and the emergence of an independent Uzbekistan in 1991, there was a pressing need to create a new economy and infrastructure. This period was marked by significant shortages of various products, including food. The government allowed private property and private enterprises, prompting individuals like Kuchkarovich to take the initiative. In 1992, he and his partners established a small enterprise named "Zafar," later renamed "Zafarkhon."

ERMAK's initial years were focused on drying fruits and vegetables such as grapes, melons, and onions. However, it soon became apparent that the volumes produced by their dryer were insufficient for a sustainable business. In 1993-1994, FoodMash introduced food equipment to Uzbekistan, including a small coffee roasting machine costing \$5,000. Encouraged by the potential profitability of the snack business, ERMAK purchased the machine and entered the sunflower seed market.

At that time, sunflower seeds were not popular and were often considered an uncultured snack, sold in paper bags with the shells discarded carelessly. ERMAK aimed to change this perception by offering healthy, enjoyable, and hygienically packaged sunflower seeds. This innovation led to the successful introduction of a new product category in the republic. Initially, the company produced one or two bags of seeds, using a drying chamber with only one cubic meter capacity. Today, ERMAK produces over 10 tons of products daily, using equipment 500 times more capable than the original.

ERMAK sourced its first sunflower seeds from Kazakhstan and later incorporated local Uzbek and Chinese seeds into its production. The company also ventured into producing Kurt, a traditional and nutritious product typically sold without proper packaging. ERMAK was the first to package Kurt and later introduced Kurtoba, a liquid version of Kurt. Recently, they started producing Shinny, a juice concentrate known worldwide, and are preparing to launch energy bars.

The company's approach to product development emphasizes natural, healthy ingredients without the use of sugar or additives, which has become increasingly appealing to health-conscious consumers, especially following the COVID-19 pandemic. ERMAK's commitment to

quality and natural products has helped them establish a strong domestic and international market presence. The company exports to several countries, including the USA, Russia, Kazakhstan, Israel, and is expanding to the Gulf countries with products certified by international safety standards, including Halal certification.

Valijon Kuchkarovich attributes ERMAK's success to its focus on natural, high-quality products and deep understanding of market needs. Despite initial challenges and competition from traditional sellers, ERMAK has maintained a commitment to innovation and quality, which has allowed it to grow significantly. The company now employs about 400 people and continues to pursue new opportunities for expansion and product development, with a vision of growing to employ thousands in the future.