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## **Negotiating Partnership: How Serbian Hauzmajstor Established a Business Relationship with Austrian Rustler\***

**Abstract:** This study is an account of how Serbian Hauzmajstor negotiated and entered into partnership with the Austrian Rustler. The introduction is devoted to the development of Hauzmajstor, a small real estate maintenance firm, founded by a Serbian repatriate in 2004. Beginning with its start up as the first daughter firm of Komon sens, a consulting and project development firm, the study follows its adaptation to the local business environment, concentrating on its organizational and business culture. The focus of the study is on the detailed description and analysis of experiences of the Hauzmajstor insiders with the Austrian Rustler, first as a potential, and later as an actual partner. In the end, a view from the other side, i.e. perceptions of Hauzmajstor by the Rustler Group area manager are given.

**Key words:** entrepreneurs, repatriates, business culture, negotiations, partnership, Serbia

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## Aims, basic concepts and methodology

This study deals with a small start up firm founded by a Serbian repatriate<sup>1</sup> who returned to Belgrade in 2001.<sup>2</sup> His professional experience had been profiled by highly specialized training in Western-type management, expatriate positions located in both the West and the East, the socio-cultural experience of central and eastern Europe, i.e., countries of the former Eastern Block undergoing transition.<sup>3</sup>

After working for large multinational companies both abroad and at home, this man decided to leave the secure shelter of a representative office in Belgrade, and start his own business. His entrepreneurial activities from 2004 onwards run in two parallel directions: one turning to the consultancy needs of foreign and domestic companies interested in restructuring, investments and other business activities in Serbia, while the other concerned itself with the very concrete local needs for a home maintenance service ("hauzmajstor"). The first activity is being accomplished through Комон сенс (Common Sense Group) and the second via its daughter firm Hauzmajstor.

The study concentrates on Hauzmajstor and investigates different themes tied to its business culture. These themes were partially preconceived, while others appeared in the course of the investigation, as an outcome of changes in the ownership of the firm. Intercultural encounters were to be studied within the firm, and with the potential foreign partners. Thus, in the first part, we will start with the description of the ideas and standards built into the initial (ideal) repatriate business model, and continue with the dynamics of company development within its first year of operation, based on the perceptions and experiences of the principal actors within the company. The second part will be devoted to the novel development in which the Austrian firm appears as the potential buyer of Hauzmajstor and ends up as its partner. This unexpected

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<sup>1</sup> In this study the term *repatriates* will refer to professionals who return to their country of birth, citizenship or allegiance on their own will, following favorable job opportunities. This term is usually used in pair with the term *expatriates*, referring to those professionals who temporarily migrate to take up job opportunities outside their country of birth or citizenship.

<sup>2</sup> For a study of motives for return and various culture shock experiences of Serbian repatriates that belong to the same wave of return migration for better business opportunities, see: Vučinić-Nešković 2003.

<sup>3</sup> Working for Phillip Morris, S. J. spent altogether nine years in Switzerland (working in the Czech Republic, Poland, Hungary, Romania, former Yugoslavia and Albania), Russia (Director for Northwest Russia in Saint Petersburg; Regional Director for Marketing for Russia in Moscow) and Kazakhstan (Director of Marketing for Central Asia in Almaty). In 2001 he returned to Belgrade to become the Director of Coca-Cola for Serbia, Montenegro and Macedonia.

experimental situation has been used to study the initial reactions to the appearance of a potential "foreign insider" as well as the later individual and organizational adaptation to the new situation.

Not wanting to burden the empirical research with too many theoretical concepts, this study will start off with only two basic suppositions. First, on the general level, the concept of "culture" implicitly applied in this study will incorporate values, standards, relations and practices of a social group. Second, on the more specific level, two categories of socio-economic culture will be recognized, those being: (a) *organizational culture*,<sup>4</sup> referring to the organizational values and practices within the company under scrutiny, and (b) *business culture*, referring to the values and practices projected towards the surrounding business environment.<sup>5</sup>

Initially, 15 interviews were planned, encompassing insiders on different levels of organizational hierarchy, as well as a few domestic and foreign clients. Owing to the new developments initiated by the appearance of a foreign partner, the number of interviews increased to 24 due to the need for repeated interviews with key actors. They were, indeed, implemented on all hierarchical levels, as planned, starting from the senior partner and junior partners in *КОМОН СЕНС* and *Hauzmajstor*, one being the president and the other the general manager of *Hauzmajstor*, the financial and technical managers, the team leaders, and ending with the call-center operators and servicemen. The interviews began at the highest level, came down to the common employees and streamed upwards again. Two interviews were carried out with the area manager of *Rustler Group*, the Austrian partner firm, and four with the clients, private and commercial, the second of which included mixed and foreign firms.

The research also included a detailed observation of daily work activities in *Hauzmajstor*, beginning in the office and call-center operations, the use of the specialized call-center computer program and databases, as well as visiting intervention sites with servicemen. Some of the activities of *Hauzmajstor* were documented with photos. Written sources were used as well, starting from the texts presented on the *КОМОН СЕНС* and *Hauzmajstor* websites,<sup>6</sup> articles published for marketing purposes appearing in the press, as well as the book<sup>7</sup> and interviews given by the founder of the company in leading national newspapers and magazines.

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<sup>4</sup> A very creative and layered definition of organizational culture may also be found in Alexandrov 2004, 151.

<sup>5</sup> The concept of business culture thus encompasses the concept of organizational culture as well.

<sup>6</sup> The websites are: [www.komonsens.com](http://www.komonsens.com) and [www.hauzmajstor.co.yu](http://www.hauzmajstor.co.yu)

<sup>7</sup> S. J. *Азбука бизниса (The Business Alphabet)*, Политика и Народна књига, Београд, 2005.

The research activities in the field were undertaken in three phases. In the first phase (March – May, 2005), 5 interviews were performed, all with the partners in the КОМОН сѐнс and Hauzmajstor. In the second phase (August – September, 2005), 11 more interviews were made, 7 of which were with the employees of Hauzmajstor, and 4 with clients. Within the company itself, 2 interviews were performed with representatives of high management (financial manager and technical manager), 3 with lower management (1 with specialized services staff, and 2 with repair service team leaders), and 2 with common employees (the start up call-center operator and a repairman). The third phase (December 2005 – March 2006) incorporated 7 interviews, 5 of which were repeated interviews concerning the "new situation" that occurred after the Austrian partner came in. The repeated interviews were all made within Hauzmajstor, i.e., with the founder and president (and presently the minority owner), 2 with high management (general and financial manager), and 2 with newly established middle managers (former team leaders and servicemen). Finally, beside the 2 interview with the Rustler area manager for Central and Eastern Europe, one interview was made with the present call-center operator.

### The post-socialist transformation in Serbia: Heritage from the 1990s and developments of the early 2000s

#### *Partial and slow transformation of the 1990s*

Most international analysts did not consider Serbia as a "transitional country" during the 1990s due to the absence of the radical political turnover such as the one that brought down socialism in the former Eastern Block countries (after the Berlin Wall events in 1989). Most Serbian sociologists and economists, however, were of the opinion that the transformation had been initiated at the beginning of 1990s, but that it was "blocked" or "frozen" very early on (Lazić 2000, 11, Lazić and Cvejić 2004, Arandarenko 2000, Bolčić 2008).<sup>8</sup> Nevertheless, there are obvious indicators that a certain kind of post-socialist transformation, although partial and slow, did take place during this

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<sup>8</sup> S. Bolčić, for example, finds the breaking point for the beginning of the "postsocialist transformation of Serbia" in the promulgation of the Law on Enterprises, brought by the government of Socialist Federal Republic of Yugoslavia in December 1988, which legally allowed the founding of private enterprises. Until then, work in the "private sector" was possible only within the farms of "individual agriculturalists" and in service and artisan "shops". Even though such selfemployed shop-owners could employ up to 10 individuals, most of them did not employ anyone else (Bolčić 2008:73).

decade (Bolčić 2002, Bolčić 2006). Of course, depending on the domain in focus, it varied in kind and degree. Here, we will primarily concentrate on the ownership transformation in the sectors of social/state companies, small private business, and housing.

Looking at the state companies, the model of internal privatization, in which employees became shareholders, along with a simultaneous openness to the outside investors was implemented.<sup>9</sup> Privatization also took place through additional capitalization and sale (Arandarenko 2000, 353). Such waves of privatization took place in 1991, 1994, and after 1997.<sup>10</sup> While the Serbian economic sector was not privatized to the fullest extent and according to the model of the "leading" transitional European economies (which mainly applied "voucher privatization"),<sup>11</sup> it may be noted that a certain degree of autonomous privatization took place, thus new small companies were rising in great number. For example, their increase within the decade was 300% (considering only the active ones), as opposed to the rise of small workshops of which the number increased by only 30%. Thus, the strata of new entrepreneurs had been created, in which younger men (under 40), with secondary education, holding small companies (of up till 5 employees) predominated. Even though the real economic influence of the entrepreneurs was quite low, since their firms controlled only 5% of the overall capital in Serbia (in 1996), their presence, numbering 250,000-300,000 individuals, represented a promising potential. Among the new private firms, most were involved in trade activities, while 22.5% were engaged in "artisanship and individual services", where the house maintenance services would fall as well (Bolčić 2002).

The privatization of the housing sector was implemented to the utmost, thus the majority of socially-owned apartments (built and owned by the state, city, municipality, military and other companies and institutions) were bought off by their legal residents. As the census of 2003 shows, by the early 2000s, 83% of Serbian citizens living in apartments resided in privately owned ones.<sup>12</sup> This

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<sup>9</sup> This model was also used in Slovenia, Croatia and Macedonia.

<sup>10</sup> The first legal act regulating privatization was the Law on conditions and procedure of transformation of social property in other forms of property, Službeni Glasnik RS 48/91. From 1994, when the Law on changes and additions to the Law under the same name, Službeni Glasnik RS 51/94, privatization process was almost nonexistent, after which it was activated again in 1997, when the Law on property/ownership transformation was promulgated (Službeni Glasnik SRJ 29/97).

<sup>11</sup> This model of privatization was implemented in the Check Republic, Slovakia and Russia, and partially in Poland, Latvia, Lithuania, Slovenia, Armenia, etc.

<sup>12</sup> According to the 2003 Census, 83.0% citizens of Serbia lived in a privately owned apartment, 1.7% lived in a socially/state owned apartment (with resident's rights), 5.8% were living in an apartment owned by a relative or a friend, and 4.3% rented their apartment (Petrović 2004)

process had been initiated by the Law on the Housing Relations, proclaimed in 1990, and the Law on Housing from 1992.<sup>13</sup> This reform of the housing sector created three kinds of space within the apartment buildings, one that was private, and which comprised only the inner apartment space, the other, which was collective and included the common spaces within the building (hallways, staircases, elevators, roofs, electric, heating, water, sewage infrastructure), while the third was public, encompassing the open space with the accompanying infrastructure surrounding the apartment building.

As the Serbian citizens in this period already developed distrust in anything that had to do with the "state services", this attitude started to be applied towards the Public Company for the Housing Services as well. Even though each household pays a monthly fee for different kinds of infrastructure maintenance (within one invoice issued by Infostan, a public firm that coordinates the maintenance activities and collects all the payments), they as well as the residents' assemblies often revert to calling alternative private firms to perform urgent or more demanding repair services. Out of distrust of the quality of service, and often even due to insufficient information about the scope of services offered by the public companies, they end up in fact paying a double fee. Instead of calling a contracted company paid in advance, they call a private one that they have to pay on an *ad hoc* basis.

#### *Promises of the early 2000s*

The authors that saw Serbia's overall economic situation in the 1990s as that of "blocked transformation", characterized the period after the political changes in October 2000, as one of "unblocked", or "postponed transformation". (Lazić and Cvejić 2004, 39-40). Lazić, thus, tells how the changes of the political regime speeded up the process of transformation in Serbia. The arbitrational role of the state in the economy, which had been established instead of the command role during the 1990s, was now substituted by its regulative role (Lazić and Cvejić 2004, 44).

In the period after the political changes of the year 2000, a certain degree of stabilization and improvement of the overall economic situation was visible (Lazić and Cvejić 2004, 53). In the opinion of the same author, the speeding up of privatization, macroeconomic stabilization (above all, bringing inflation to

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<sup>13</sup> Details on the modalities of changing ownership and the maintenance of the apartment buildings and apartments may be seen in detail in the following legal documents: Law on housing relations, Službeni Glasnik RS 12/90), Law on housing (Službeni Glasnik RS 50/92), Regulation on maintenance of apartment buildings and apartments (Službeni Glasnik RS 43/93), and Law on maintenance of apartment buildings and apartments (Službeni Glasnik RS 44/95, 46/98, 1/2001).

below 10% in 2003 and revitalization of the banking sector), as well as the launching of the legal system reform, were the most important factors that led to "moderate enlivening of economy and further growth of the private sector". But, at the same time, these factors also led to an increase in the already huge unemployment rate, or more precisely, made the hidden unemployment clearly visible.

Privatization of state firms was speeded up in this period; in fact the whole economic activity of Serbia was turned into one big privatization project. The newly founded state Privatization Agency was the heart of this operation, otherwise run by the Minister of Economy and Privatization. Since the promulgation of the new Law on Privatization in 2001, until the end of 2003, 1,080 state firms were sold for about 1.3 billion Euros. Some of the largest multinational companies invested in Serbia, among which were Titan, Lukoil, British American Tobacco, Galaxy, Hellenic Sugar Industry, Holcim, Philip Morris, Henkel and Lafarge.<sup>14</sup> In this process, the major state investment banks were closed (so as to free the state firms to put up for sale their debt to them), while the doors were open for foreign banks, such as Raiffeisen, Société Générale, Alpha, etc. Foreign financial aid started to arrive and more of it was promised, debts to the international monetary institutions were partially restructured, new credits were agreed upon, and representative offices of multinational companies were increasingly opening (esp. in pharmaceutical, IT, and consumer industries). Incentives were given to those entrepreneurs willing to enter the free market competition.<sup>15</sup>

In order to give new impetus to the development of the entrepreneurial sector, the government promulgated its Strategy for the Development of Small and Medium-Sized Enterprises and Entrepreneurship in the Republic of Serbia 2003-2008,<sup>16</sup> with an aim to "make these companies the leading force of economic development of the country", thus to increase their number in five years from 270,000 to 400,000, and create one million new jobs. Beside the state Agency for Small and Medium-Sized Enterprises, this process involved practically all state institutions, such as the National Bureau for Employment,

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<sup>14</sup> This information may be found in the report posted on the site of the Government of the Republic of Serbia: Privatizacijom do uspešnog privatnog sektora (With Privatization to the Successful Private Sector), December 4, 2003. ([www.arhiva.srbija.sr.gov.yu/vesti/2003-12/04/341950.html](http://www.arhiva.srbija.sr.gov.yu/vesti/2003-12/04/341950.html))

<sup>15</sup> For a study of the rates of entrepreneurial activity in the former Soviet republics and other Eastern European nations, see: Ovaska and Sobel 2009. Also see: Pickles and Jenkins 2008. For what privatization of a state owned firm in Eastern Central Europe by an American firm means from an anthropological point of view, see: Dunn 2004.

<sup>16</sup> The PDF document with the text of the Strategy in English may be found at the following website: <http://www.prsp.gov.rs/engleski/dokumenta.jsp>

as well as numerous domestic and international NGOs. Financial stimulation came from international donations, bank credits, and most of all, from the state budget of the Republic of Serbia (Bolčić 2008, 74-75).<sup>17</sup>

Even though at this point it was too early to assess the outcome of the reforms implemented by the new government, the belief in a better, more democratic and prosperous future was spread around, and this fact definitely changed the overall perception of economic potential of the country. Certain potential was clearly visible, especially by those who believed that liberal capitalism is the solution to all Serbia's problems. It was also visible by those expatriates who had experience of working in capitalist or transitional systems elsewhere because they knew what the transitional path could mean for them personally. Among other things, it opened up possibilities for individual business careers and a pleasant life back home (Vučinić-Nešković 2003).

## Dynamics of company development

### *Establishing Komon sens and Hauzmajstor*

*Комон сенс* was founded as a share-holding company aimed at business consulting and business development. At the time it started operations, in May 2004, the core of the company consisted of the founder and majority shareholder with the position of president and senior partner, three junior partners (minority shareholders), a consultant and an office manager. The office was set up in a classy old apartment in the old central part of Belgrade. The founder of the company chose *Комон сенс* as the name of the company, which is a Serbian phonetic transcription of the English word "common sense." This is how he explained it:

"Komon sens is an awfully well-known word, typical in many languages, not only in Anglo-Saxon, but in francophone and even Slavic languages, with the meaning of

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<sup>17</sup> The sociological survey of the development of the entrepreneurial sector conducted in 2003, however shows that the progress in "unblocking of the entrepreneurial sector" was not as fast as it had been expected. The data shows that in 2003 the very small firms still predominated (81% having up to five employees), their ownership structure was simple (the ones with one owner represented 70% of the overall number of firms), and that the owners with secondary education were in majority (61%) while the ones with college or university education were in minority (22%). For further details about the entrepreneurial profile in this study, see: Bolčić 2006. As it will be shown later, Hauzmajstor was an atypical firm, with the ownership divided between one senior and three junior partners and having 25 employees.



‘здрав разум’ (common sense). The use of the word on one hand goes from total banality to the point where it becomes the essence of things,<sup>18</sup> and on the other, it is something that we always lack. We often say here that we do not have ‘комон сенс,’ that we always follow some logic that is not ‘здраворазумска’ (commonsensical), so the name came out of this logic, and then we Serbified it by putting it into the Cyrillic alphabet. Why did we do it this way? ‘Здрав разум’ in Serbian, that is in Cyrillic, is the same as ‘komon sens’ in Cyrillic. This is our context, and these are some universal values that we do not have any reason to run from. There is no need to change them. It is not that common sense is one thing in England and another thing in Serbia, common sense is common sense, and the fact that we put it into Cyrillic contains the idea of adaptation of some universal values and general rules through our language. Now, if we named the firm ‘Здрав разум’ it would sound like a funerary society, whereas komon sens in Cyrillic sound interesting. This is the logic. And, the English counterpart of the company name is Common Sense Group."

Simultaneously with КОМОН СЕНС, its daughter firm named Hauzmajstor was created as the first business development project born out of the mother firm, aimed at offering "small home maintenance." Based on the same principle of share-holding ownership, its major shareholder was КОМОН СЕНС in addition to a few minor individual shareholders on the side. The minor shareholders were not on the payroll, but were investing their work in building up the value of the firm. In April 2005 the firm comprised 20 employees, out of whom 14 were servicemen, while the others were the support staff dealing with finances, accounting, inventory, call-center and management. The founder explained: "We have two levels of management, the first one consisting of the general manager (or project manager in Komon sens terminology), technical and financial managers, and the second comprising two team leaders." Initially, the office space was shared with КОМОН СЕНС. However, primarily due to a lack of parking space for the car pool, the office was moved into the Belgrade Harbor area. With a two level office space and a large parking place, the new setting was conveniently just a five-minute ride from КОМОН СЕНС headquarters.

According to the founder of Hauzmajstor, the intention was "not to make a commodity, but to create a brand." The idea was:

"You have repairmen in Belgrade, but you don't have a firm that specializes in repairs and maintenance, so let's design it and build it up as an organized service. And in the semantic sense, the name 'Hauzmajstor' creates two fine contexts. The first context is that it is one of these forgotten things

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<sup>18</sup> "You always have, especially in corporative life, when during long meetings things get heated up and take directions which they shouldn't take, that there is someone who says in the end, 'Hey, lets come back to common sense,' which is 'Lets come back to the essence.'"

that were positive, so it ties you in to a good old tradition of every apartment house in pre-war Belgrade having a skilled repairman. It is not 'domar'. Domar associates with socialism and Hauzmajstor with artisanship. The second is that it has this Germanic technical root that associates with precision and discipline, and in the end, it is a Serbian derivative of a German word 'Hausmaster'. And this name looks better in Latin alphabet. We just could not find a Cyrillic font that looks technical enough. And this way, they look at you as to a foreign firm; they are not certain whether it is a local firm or not.

An important part of the preparations in launching Hauzmajstor was to create its visual image. The general manager remembered how it went.

"The design was created by this amazingly talented 19-year-old boy, a son of our friend, who took a year off before going to Italy to study design. He practically designed this house and this whole story around it, after which we all discussed the color and the size of lettering. It was our common decision; we voted by acclamation for a final black and yellow scheme. Then, when we came to the uniforms, it became a yellow and navy blue combination, so it associates with military style, but with a flare of elegance. We wanted a professional uniform, which might even be a bit overstated in relation to what we do. So, they ended up very expensive, but they are of very high quality. It was hard to find them, too. So in the end we went to MD Company, who got interested because even though we are small, we have a high frequency of entering apartments and houses. And since they have a whole production line for the Italian army, we ended up being 'collateral damage,' our uniforms being produced in between their two regular production cycles. And really, from the trousers, which may be zipped down into shorts, to shirts, jackets and everything else, our boys in this uniform really look like Hercules. We made drawings for every piece of clothing, and they worked according to the prototype. Now, we have the book of standards for both, the design of the uniforms and the cars. So, the idea behind this business approach was not to cover up the quality of services with marketing, but with it, we certainly could stand out from other companies of the kind. Thus, the standard is that you cannot be unshaved; there is no chance that you are not in a uniform, that your car is not washed, or that you smoke in the car."

#### *Recruitment, training and marketing*

A somewhat humorous version of how the first team had been created was recollected by the Hauzmajstor general manager.

"Our operatives were recruited according to the criteria such as, 'he is a nice guy, I trust him, and he is good with his hands'. So it was something like, you have a buddy, a boyfriend, a husband: 'look at him, he does something around the house all the time.' We wanted to avoid the 'professional' with 'JNA' (Yugoslav National Army) tattoo and the attitude of 'look at me, do you know how much I am worth?' Instead, our 'brand development' approach lead us to the start up team that included a man

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who is a sculptor,<sup>19</sup> a man who got his engineering degree in Japan and was married to a Japanese, or to individuals who spoke Russian or Hungarian, and then we slowly grafted onto these people professionals who wanted to accept work up to our standards."

Training assumed learning procedures of a technical nature, but also those related to establishing a relationship with the client. A procedure assumes precisely written instructions on how the call-center operator should behave. It also assumes how a serviceman should introduce himself when he arrives at the client's premises. The procedure also prescribes what and in which order has to be done when the serviceman faces a problem. The implementation of the procedures was to be subject to control, either by one of the team leaders or sometimes even the general manager himself.

In parallel with the appearance of Hauzmajstor in the Belgrade market of maintenance services, the company presence was announced in public by a number of short articles in daily newspapers and weekly magazines, such as *Blic*, *Ekspres*, *Glas*, *Danas*, *Vreme*, *Evropa*, *Lisa*, *Moj Dom*, *Moj Stan*, and *Caffe & Bar*. The articles entitled "All Repairmen in One Place," "There is No More 'Majstore, How about a Rakija (Brandy)?'," "One Call Fixes All," "For a Cultivated Home," and "Repairman for 70 Types of Repairs," all promoted the business values and professional standards built into the Hauzmajstor image.

Much attention is paid to the Hauzmajstor observation of high professional standards concerning the means of production (branded vehicles, tools and spare parts) and unified appearance of the servicemen. The behavior of servicemen is highly standardized as well, for example, they do not stay longer than necessary, they do not drink "rakija" or smoke, they clean after themselves, leave a detailed bill, do not take *baksheesh* (tips) and they guarantee their service. They are highly skilled and some of them have had work experience in developed countries. Most of them speak foreign languages; thus they are recommended for work on maintenance of the residential and business accommodation of foreign citizens. In the end, the company expresses a strong concern about the degree of clients' satisfaction with the quality of service, which is checked by means of a telephone survey following the intervention.

It is obvious that the marketing image created by Hauzmajstor is based on an interplay of symbols which involve opposing associations, such as: foreign/our

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<sup>19</sup> With the diploma of the School of Applied Arts of the University of Belgrade, who previously worked as a conservation specialist in the Museum of Kraljevo, and afterwards worked on the capitals of the columns in the St. Sava Cathedral in Belgrade.

own, stolen from the West/drawn from our past, that which we lack/that which we deserve, intimate/distanced, feelings/memories, physical work/intellectual work, filthy job/clean job, standardized/custom-made, basic/urgent, high quality/moderate price, appropriate for local citizens/appropriate for foreigners.

### *First year developments*

Hauzmajstor started off by offering only a small home maintenance service. After a one-month training period, the hauzmajstors were out in the streets. Each serviceman "specialized" in the most frequent repair problems and covered the territory of two *opština* (municipal districts). There were eight of them, working days from nine to five. A call-center operator coordinated their activities. If a larger problem occurred, a specialist would be sent for to assist. The first two weeks, everyone used their private cars with the firm covering the gasoline expenditures, after which they got eight new yellow cars with the emblem of Hauzmajstor painted on them.

The general manager described the reaction to Hauzmajstor as euphoria that resembled the opening of the first McDonalds restaurant in Belgrade, when people were waiting in lines, expecting to get something that would make them fall off their feet.

"With great curiosity and high expectations people started calling us for things you cannot imagine, 'Could you come and chase out the bat from our office?' or 'Can you saw a queen bed into halves?' And then, I really flipped out about this bat because our call-center operator said: 'Sorry, but we do not work with animals'. I told her later: 'You should have thought better than that, this would have been such a great marketing gag.' I could just imagine us going in there with hoods and brooms, as I later learned this is how it should have been done. But it says something about trust. You see how much trust they have in us, how positively spoiled these people have become, how much they believe that we can do just about anything."

By August 2006, when the second phase of research was underway, the development and changes within the first year of company's functioning could be summarized. At that point, one of the team leaders stated: "What the firm looks like now is far from what we started from. In the beginning, S. (the owner) was with us all the time. We needed to learn from scratch – what, how, who – and we had to be involved in everything that was going on."

The start up call-center operator accounted for many details about what changed in the every day life of the firm. She remembered, for example, that from April to September 2004, she did everything herself – the call-center, the administration, the spare parts and warehouse, the subcontractors. She also mentioned that she refused to use the computer program that awaited her upon employment because it was completely dysfunctional. Instead, she made a

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handwritten database and worked for months on a framework for a new program, which would satisfy the needs of the call-center. By December 2004, the computer specialist completed the new program and they tested it for the whole month, while at the same time, the data on some 3000 clients (out of which 30% were subscribers), was being fed into it. Later on, the same young lady initiated the introduction of conference calls, usually used for direct communication between the client and the repairman (via call-center) in cases where they needed to go into detail about problems that occurred.

She also mentioned that by now the Small Home Repairs hardly existed any more. The reason for this was the following:

"Some of the start up servicemen left us, new ones are coming in, and the market has changed. In the mean time, in Hauzmajstor itself we have succeeded to define the most basic types of repairs. We are most often called to replace the float or the switch. It also proved more rational that in 'questionable cases' where I am not sure where to classify the problem, I'd better send a specialist instead of a small home repairman who might run into a problem more serious than it first appeared, and would then have to urgently call for additional assistance."

In addition, "the subcontractors started to be engaged for those repairs that were too time consuming or problematic for our servicemen, such as tearing down the walls to replace a rusty water pipe, cleaning sewage, or breaking the lock for which you need to have a special license."

What had been accomplished in the previous year as far as organization and business activities are concerned, the mentioned team leader summed up in the following way:

"One of the greatest things we did was that we strengthened the specialized services. We initially had only the *small home maintenance* with water, electricity and other repairs. Then, we didn't have the storage, now we have it. In the meantime, the administrative structure has strengthened. We also enlarged the network of subcontractors. From not having them at all, we now have a widely branched network of subcontractors with whom we cover anything that may happen in a business space or in a residential domicile. Professionalism and work culture constitute the true spirit of Hauzmajstor".

According to him, the work culture means "simply to have discipline, to have a truthful relationship with the firm, with colleagues, with clients, to do your job in the best way possible, and to follow every activity through with documentation. Thus, it means a kind of cleanliness of work. This is now called transparency. And if something initially isn't transparent, then we see to it that it becomes so."

Another positive result of Hauzmajstor's development worth mentioning is the fact that the original core team had been preserved, which means that five

out of nine people involved in operations were still with the company. The three core team members that were interviewed during this study stressed that they were proud of being able to pull through all the difficulties of the start up phase. "In my opinion," one of the team leaders said, "this is a very good core. We all grew up together. And we have this great relationship. At the same time, the new people who came later also accommodated our protocols very well because they had no other choice, they could only accept this same model of behavior. People simply feel good about this extremely correct relationship B. (general manager) has towards us, and it is then passed on to everyone else."

#### *Hierarchy: Relations and perceptions*

The hierarchy is generally an ever-changing structure, which is transformed to accommodate the changing market. For example, in September, 2005, when the operations were functioning in two shifts with altogether 12 servicemen, the obligations of each of the team/shift leaders (low management level) were, in addition to working as servicemen, to coordinate the work of their team, which consisted of three Small Home Maintenance servicemen and two specialists (one for water, the other for electricity). Their job was to make sure everything functions well with respect to mutual communication, technical support, shifting specialists and the "flying serviceman".

Decisions are made on different levels: strategic, managerial, operative, and daily. While strategic decisions are made at the top, the other problems are solved in one of two kinds of meetings. First, the whole firm gathers at monthly meetings where the results are analyzed or new problems are discussed. Additionally, smaller, operative meetings are organized on a weekly basis with the mandatory presence of the general manager, and the optional presence of the two team leaders, the call-center operator, and someone from finances. Finally, a number of *ad hoc* informal meetings about routine problems take place during office hours in any of the two common spaces or at coffee time in the "garden".

During research, except when explicitly asked about their hierarchical positions in the firm, seldom would any interviewee mention his/her own formal position. All the positions were primarily described through specific responsibilities, while the managerial positions were mainly identified as "coordination". This is what the general manager had to say about his approach to hierarchy and management:

"In management, you need to be soft, and here I am thinking of the soul, not of other things. It means you literally have to know the individual. Thus, the theme of

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'human resources' is not the question of numbers anymore. (...) Some criticize me in that I am, in some ways, too intimate with the people to whom I should be an authority. But, the question of a limit is relative. I think that in this whole process the results point to who is right. The question is whether I can pull the maximum out of you, but with you realizing in the end that what you invested in the company has become part of your life and that you've really learned something."

The technical manager expressed a similar stance by saying:

"I try to have the attitude that we are all buddies up to a point. This means if a problem at home arises, the repairman should solve it there, not at work. I think that we function, literally, as a team, or as some kind of a tribe, in which everyone knows who the chief is and who the others are, but in times of war, everyone is in it together. So, when we have a problem, everyone is there. And this is the only way the people can be kept together. If, in command, you have to be on the frontline, you have to protect him, but also give advice, and when needed, you even have to scold. I also think that generally, our transition to this European or Western system has to go in this fashion."

#### *Entering partnership with the Austrian firm*

In spring 2005 the owner and the general manager of Hauzmajstor learned from their client, a large Austrian bank situated in Belgrade, about the interest of an Austrian real estate management firm in investing in Hauzmajstor. Rustler, a family firm founded 70 years earlier, had already developed a property management business in Austria, while in the recent years it created a network of six firms within Austria and East Central Europe called the Rustler Group.<sup>20</sup> At the time Hauzmajstor was approached, this network comprised of four firms registered in Austria and two abroad, one in the Czech Republic and one in Hungary, with a plan to make the next acquisition in Serbia and Montenegro.

Rustler: Real Estate Experts – Property Managers is the mother firm, established by Frieda Rustler in 1935. The firm is involved in a core business, i.e., property management of apartment and office buildings. The property manager does accounting and calculations on behalf of the owner and reports to him. He cares about optimizing the income from the property and also hires the facility manager for technical maintenance. Rustler Real Estate Trust Company: The Real Estate Broker, established in 1998, are the real estate property dealers engaged in selling and renting out, thus involved with rental agreements, sale agreements, collecting the money, transferring it to the owner, etc. IFM: Real Estate Facility Management and Development was founded in 2000, and it does exclusively facility management. ASPEKT: Construction Planning and Project

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<sup>20</sup> More about Rustler Group may be found on their website: [www.rustler.cc](http://www.rustler.cc)

Management Ltd., founded in 2002, is involved in planning of construction and reconstruction projects, which means preparing projects, applying with the authorities, tendering, ordering and managing the works, controlling work and costs, eliminating defects and handing over.

The firms that later became part of the Rustler Group through acquisition are situated in Central Europe. FMC: Facility Management Corporation s. r. o., acquired by Rustler in 2003, was founded in 1995 by Austrian investors in Prague as a project management company. They were dealing with facility management, property management and real estate brokerage. Balusztrad: Real Estate Property Services, a firm originally founded in 2003 by two Hungarian investors, was acquired by Rustler in 2005. Like Rustler, they deal with property management, while in the near future they plan to go into facility management and facility services.<sup>21</sup>

After about six months of communication and exchange of information, the process of negotiations between Hauzmajstor and Rustler concluded on October 15th 2005, with a partnership contract that assumed the Austrian firm as the majority owner (with 51% of shares), with the perspective of becoming the sole owner after five years. The contract provided for keeping the local management and operations intact, but also allowed for the firm to be profit center that would in the near future become involved in real estate brokerage and property management activities.

## Intercultural communication between Hauzmajstor and Rustler

### *Why Rustler got interested?*

As far as trying to explain why Rustler got interested in the Hauzmajstor, the founder of Hauzmajstor stated:

"It is because they saw that it was possible to create something here that wouldn't have been easy even for them to create in Austria, esp. concerning the technology of organizing our *hauzmajstors*, dressing them up, creating a call-center with a data base, etc. All in all, we built some work models that ask for a higher degree of knowledge and planning than would have been standard for an ordinary entrepreneur in Austria. On the other hand, to be objective, the choice of businesses for sale is not large here; you can't find businesses so easily that are awaiting buyers, well packaged and healthy. Whatever you chose to buy, it may become a problem. They either lie to you concerning the debts, or bills or employees or this or that, so you definitely need lots of enthusiasm in order to invest into something here."

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<sup>21</sup> In August 2008, this firm changed its name into Rustler KFT.



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When talking to the general manager of Hauzmajstor during the negotiations period, I got the following explanation of the foreigners' interest in coming in:

"They do not want to buy Hauzmajstor because the story about a 'big firm' went around the world, but because they know that large scale infrastructure maintenance in Belgrade has not been solved as yet and that it will have to start being solved, so they started examining the market. For them it is also cheaper and much easier to buy some small firm that is on the rise, that has just taken off, which can give them some local management and which is without a social program and without big politics, than to enter into some big themes that would need to be overpaid."

The financial manager thought that the Austrian company recognized, indeed, certain "Western" principles according to which Hauzmajstor functions. This is what she said:

"As far as I am informed, they went around and inquired about quite a few firms that dealt with maintenance. I think they made up their mind for us because we are a young and enthusiastic team, a young firm, and in essence our vision of development was exactly what they were looking for. So, I think they chose us to be one to one partners. They looked around the market, but saw us as their potential. Of course, an influential Austrian bank that has been using our services for a while now also recommended us. But this positive image and the presence of a brand as well as the fact that we perform the kind of service that is scarce in the immediate surroundings, has been crucial."

*First reactions on the idea of a foreign partner  
within Hauzmajstor*

In the opinion of the general manager, the employees felt contented but also a bit frightened.

"In such a situation an employee always expects a better salary, but also knows that the story is going to get more serious and standardized. The timing of this business says 'O.K. we have had fun until now, we made the company, and we positioned ourselves, now we take the next step forward.' And they can grow now in an organization that truly depends on results and not on the personal will of one owner, whoever it is. They now depend on what really makes sense, which is: what is your profit responsibility, what is your profit achievement, and how is your relationship to the firm and other employees evaluated?"

Personal reactions to the arrival of the potential Austrian partner were all positive. The representatives of the Austrian partner were seen as very pleasant, normal, even seeming like "one of our own." The potential

partnership was seen as a means of additional capitalization, security and assistance in gaining big clients.

Explaining his view of the situation in which the majority owner of Hauzmajstor would be the Austrian firm, the technical manager, took a practical viewpoint:

"In the sense that we can get off S's (founder's) breast and that the Austrians can recognize a real partner in us, I feel very positive about the new situation. Maybe, they will also see that we have cleaning ladies in the Atrium for whom we bought uniforms -- tee shirts and pants. They have already been working in them for a month and a half. These pants should be renewed because if you pay 300 dinars for them, which is less than 4 Euro, they are for short-term use only. I mean we did not buy them from MD Company as we did with the work clothes of our servicemen, which are really long-lasting. You just go to the market and buy "navy blue" for 300 bucks, it has two pockets, and the pants have a belt so that we don't have to accommodate the size; a skinny woman can wear them the same as I who am fat, and that's it. I buy them at the flea market from the Chinese and without a fiscal bill, which means I cannot charge them officially. Maybe the Austrians will be able to get such uniforms for 2 Euro somewhere from their stocks. Maybe we will also be able to say: 'Listen, you do not like the cars with scratches, we don't either, they need to be repainted, but now we don't have the cash. We can only wash them and cover them up a bit'."

#### *Perceptions of the negotiation period*

According to the founder of Hauzmajstor, the trend of opening up to foreign capital definitely existed at the time. There were more foreigners coming over and more deals were being made. This meant the trend was on the rise; it was not only large systems that were coming, but also smaller firms looking for local partners, which was a positive thing. "We were lucky to have agreed on Hauzmajstor in a relatively short time. In two or three meetings we settled on the model we want to create with our foreign partner, and this assumed building trust. But I suppose that we succeeded in creating this trust because we were quite an atypical company and a specific group of people, selling their own business model." So, the general description of the negotiations process, according to him, could be that it was quite atypical for Serbian conditions. Hauzmajstor put all their cards on the table, kept all the deadlines, all agreements. This being done in both directions, trust was established in a relatively short time. "This process was more important for them to understand us rather than for us to understand them." He also thought that the process had been rounded up at an exceptionally high level even compared to Austrian standards. When presenting the requested audit, Hauzmajstor "provided the complete files of the firm, very precisely

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organized, translated into English, packaged with a ribbon." But, also in small things, "such as our driver not accepting a tip after taking them to the hotel, they saw that we are a well defined team that respects something that is called "good family upbringing."

The general manager of Hauzmajstor gave a more detailed account of the negotiations process. He started off explaining that in most cases the investors make the first approach through a messenger who is either a local agency or a partner installed locally, who does the investigation. In this case the foreigners came straight to them. They had their own representative, the Area Manager for Central Eastern Europe, who worked for the banks and who made this first contact. So, he was supposed to take his first impressions to the company owner, and he did, then contacts started, he came again, statements of purpose were signed, then mails started to go back and forth, all this lasted about three months. The agreement was closed on October 15<sup>th</sup> 2005, but the two firms were in active correspondence for a minimum of three months, and definitely in negotiations for five months. His description of the first phase of mutual contact was as follows:

"My first impression about the representative of the Austrian investor was that he came with an intention. He is extremely experienced – he has worked in Ukraine, in Hungary, in Czech Republic, he has experience with Slavs and with countries in transition. Talking to my friends, I recognized two usual attitudes as reactions to the interest of a foreign company. One attitude is that of 'what do I care', so you make an appointment and do not appear at it because you want to show that you are a big shot, the big boss in an important company. The other is that of 'immediate submissiveness', in the sense 'wow, a British company came over to inquire about us'. This is the position of a host trying to make his guest feel comfortable at a *slava* celebration at his home.<sup>22</sup> The reaction would be: 'look at him, he is so sweet', then everyone would pat his head, 'the Britishman came, I hope he enjoys this meal.' In this case the Austrian investor's representative found a completely cool business attitude. No informal talks and no meetings outside the office. He took out the presentation of his firm in hard copy, but when he saw that we were not impressed by the approach, he threw the presentation into a trash can and came back to a Slavic way of discussing business. Only then did we start to talk openly. Of course, they've already done the market analysis, went around to a certain number of local companies, and by recommendation came to us. This man has very strong local contacts. This usually goes in the following way: a foreign company, in this case an Austrian company, a large bank, for example, penetrates into the local market, forms its managerial structure in two to three years, after which other companies stick to it. There comes your industry, then mine, contacts start, statements such as 'I think this

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<sup>22</sup> Slava is a traditional Serbian family celebration devoted to the family saint, when close relatives and friends are invited for a traditional elaborate meal.

is promising for you' are heard, then the chamber of commerce forms, and so on and so forth."

The next two phases of negotiations, the general manager saw in the following way:

"The company owners made the second visit. This is a strong family company with a 70-year tradition. So, they came, there was the father who is the owner, there was his son-in-law, who is very handsome and normal, an Austrian, my age but married out of school, then he finished his education and became the president of the company. The concept is such that the son-in-law is now the senior partner, the father is now coming out of the firm, but his daughter is also involved. She works in the same firm on real estate. This is a nice female job. However, they do not have any experience in operations. Most of these investment companies are not involved in production, they are not into operations, but slowly, with no hurry they invest and wait for slow returns. They own this old capital which they've accumulated for decades. This means that some seven generations have worked in the firm. It does not have more than 200 people, so it is a small firm. Only recently and because new winds are blowing, has it been internationalized. Anyway, they came and we took them for lunches and to look around Belgrade. The negotiations continued all the while, but finally at one moment the father asked me, 'Do you have family?' Then, a bit later on, 'Do you have grandparents? What were their last names? Which other relatives do you have?', all this is very important to them. They are a family firm, so it's not the corporate stuff such as 'let me look at your CV, let's look at point 6 in the contract, you will be responsible for this sector', I mean the concept of belonging is very important here.

The most interesting part of the story about their visit was that we could only present ourselves. We were not like a powerful bank, so that they could see the building, millions, jets, they could only see an office and the vehicles that were leased out. This means we could only present the way we work, how we are organized and our simple selves. We did not have any hard value to present. Also, we were in the start up phase, so we did not make profit. We were selling the potential, and they were buying the potential. And it proved that in business this is very good because you are not burdened by real estate, which in your work you do not need anyway.

Anyway, they had two possibilities in mind, the first one being that they buy the control package, which means 51%, and the other that they buy 100%. We ended the story with a 51:49 ratio. So, I feel very proud because I think this is the first time in business here that a small 70-year-old private company that is an authentic Western company, meaning that there is no trace of any questionable investment funds, bought the control package of a one-year-old private Serbian company."

*After the contract was signed:*

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*Perception of changes, expectations and tensions*

The first changes in the firm resulting from the presence of the "foreign insider" had been mentioned by the general manager of Hauzmajstor in our mid December 2005 interview:

"This whole story is now a marriage, and we are now in the process of accommodating each other. We now need to see what is going on, how we trust each other, whether we've fulfilled what we promised, and how these relations will generally be set up. This is the hardest period now, in both the mental and technical sense. We are filled with emotions and ideas, and until the New Year we will be in the process of creating templates, standards, etc. I think that we will need six months minimum to stabilize our relations. Business operation must go on, but we need to stabilize everything – communication modes, the governing board meetings, who does what and how, where we take credits, how much, what the types of investments are, what are our mutual relations, how we choose new people. All that is happening very quickly but it is not easy at all." As a visible outward change the general manager mentioned only the change of the sub-brand; instead of Hauzmajstor: Small Home Maintenance the company will now be called Hauzmajstor: Rustler."

Most of the concrete changes happening two months after the agreement had been signed were interpreted by employees as a logical development of *Hauzmajstor* gaining position on the local market. These changes were: a gradual but steady increase in contracts with foreign clients, increased need for facility management expressed by large foreign companies (esp. banks), increase of demand for specialized services, work for Urgent Interventions of the City of Belgrade won on an open bid, market potentials for setting up regional offices throughout Serbia, the introduction of middle management positions (through lower management upgrade) to facilitate the coordination of work between high management and operative staff.

The same situation was most analytically described by the new chief of operations (formerly one of the team leaders whose position was upgraded in the meantime):

"We are now in the process of restructuring, but this process is going very slowly and organizationally it is very difficult. And it does not all depend on us only, because we plan to keep the organizational core small, with the people who will perform coordination, and then to have subcontractors outside the firm who will work according to our rules in the sense, 'I bought the license and I am going to work with it.' So, we will provide identical packaging, an identical manner of functioning with well defined standards."

He further explained that they wanted to become a classic provider of logistics for subcontractors. They can thus make a system in which Hauzmajstor will be the head, and the hands they'll find externally. Trying to put such a system together is very painful for each individual and the firm itself because something is constantly changing, so that the environment is never defined to the end. Then, he added: "Judging by how much the servicemen work I can only say that our market is terrible, I call it the 'cheating market' because it is not a capitalist market nor is it a communist market, it is simply a 'God save me market'. One year you can have loads of work and make two, five, a hundred million, and next year you can sink completely. It's a catastrophe, and it is all tied to the financial situation in this country."

The new chief of facility management (formerly also a team leader), said: "I see our development, and this is not necessarily tied to the Austrians, in signing as many big contracts for as long periods as possible. In other words, instead of binding ourselves to one-room apartments on monthly bases, it is better to bind ourselves to large buildings on annual bases, with a big contract and complex technical maintenance."

Expectations from the partnership with the Austrian firm were also discussed. The general manager expected that Hauzmajstor would have been given: security, financial perspective, stability, education, backing. "It is not the same when you say 'we are a company 70 years old with ISO standards' as when you say, 'we are from around here and we have been working for a year.' You appear differently on a bid, with professional knowledge, and as a potential employer."

The financial manager expected some new business strategies from the Austrian side, better approaches to business as a result of the crisscrossing of different opinions, but also an increased list of subscribers and a larger number of contracts.

"All in all, I think the whole story should continue in an even more positive direction. I have an impression that foreign firms in general are quite on their guard, and would rather collaborate with their own people. Numerous Austrian firms are present in Serbia, many of them are quite powerful, and between them there must be some kind of business cooperation, so in that respect the presence of Rustler could have a positive effect on the number of clients in our database."

The chief of facility management, who at the time was in the process of preparing a large facility management contract with an influential Austrian bank in Belgrade, thought: "Now that we have become partners, the biggest advantage is that these Austrian firms situated here might pay more attention to us. I feel that their attitude to us has slightly changed."

The "new phase" of the Hauzmajstor development was characterized by tensions tied to increased workload and for some, double responsibilities. This was especially true for the individuals recently upgraded from lower to middle management positions, those of the chief of operations and chief of facility management. Further, tensions could have been spotted in the expectations of a better material situation, regarding both the means of production and employee's salaries.

In addition, it seemed that the management felt that tension in communication still existed in the area of foreign language knowledge. This was visible in the fact that Hauzmajstor organized English courses for its employees, basically differentiating between levels of present knowledge but also between operational and managerial language needs. It had been recognized that in the instances when a serviceman ran into a foreign client, be it the wife of a manager from a foreign bank or a foreign ambassador who receives maintenance people him/herself, he needs to be able to converse in English. A similar kind of need became evident with management staff, esp. in situations of negotiations, writing offers or submitting reports.

*View from the other side:  
Perceptions of Hauzmajstor by the Rustler Group Area Manager*

In January 2006, I carried out a short e-mail interview with the P. Z., the Rustler Group area manager for Central Eastern Europe, who had made the first contact and had been primarily involved in negotiations with Hauzmajstor. The main point he made on how the business culture of Hauzmajstor compared to that of other East European firms he had experience with, was that "there can be no comparison with other East European companies, but only with Western ones, and even then, only with the best of that size." This sentence might say something about how successfully the repatriate business culture model had been implemented in the Hauzmajstor project.

At the beginning of March, during the follow up interview, M. Z. further explained what he meant by the above statement:

"I was very surprised about their professionalism and their approach to us in regard to the explanation of the business, the figures, the business plan, and also the cash flow and all documents – how they were prepared, in which style they were prepared and the quality in which they were handed over. During the due diligence or the quality diligence, we sent lists of what we would like to see. Everything was done on time and everything was handed over in a quality we did not expect. I can say that companies in other countries never reached this level of quality. And, I can say that overall, I was really impressed about the professionalism of different companies in

Serbia which we investigated and where we went into deeper negotiations. All of them followed our requirements, all of them delivered the documents, maybe not in the same way and quality as Hauzmajstor, but they fulfilled our expectations and they did even more than we asked of them. And they were very cooperative and very professional, which we did not expect from a company in such a, let me say, emerging market."

The area manager of Rustler was also asked why his company made up their mind about Hauzmajstor. Was it their professional approach or something else that appeared as crucial? He answered that their professional approach helped Rustler to make the decision, but that this was not the reason for making up their minds. "The reason was completely business oriented because we considered that this company would best fit our business targets in this market." Before approaching this market, Rustler had had a clear picture of what they wanted to acquire. And then they went into market research and made a long list, then a short list, and at the end they met with seven companies and finally made up their mind.

During negotiations everything went smoothly. Both sides did everything before the meetings in writing, prepared the task list or the schedule, and there was no misunderstanding at any time with any one of the company owners. "They had known what we wanted, we knew what we wanted, and in the end everything was completely clear."

The timing of the second interview with P. Z. coincided with his visit to Belgrade to discuss and adopt some new business principles between the two firms as well as defining new strategies for the development of Hauzmajstor business activities. In relation to that, I asked him how the business cultures of Hauzmajstor and Rustler would be adapted to each other.

"We adopted the reporting system and we are now going to establish better internal communication between the two countries. And that's mainly what we have to adapt. The other things are simply to grow and develop the business. Because the market is growing, we have demand, we have new clients, so we have to adapt to the clients. It is something normal that we expect and we adapt the organization of the company, but it is not something that is happening because of mergence."

Reporting needed to be somewhat different, it was stated. "With reports, we have to adapt to the Rustler Group standards. We have a template of what a report should look like, so now we have to adopt this and make adjustments in some details that are understandable for the investors." He also added: "That mode offers a clear picture of the situation, so that we can control it and take the necessary measures in case the business goals are not reached. As far as communication is concerned, it means facilitating better understanding of the internal cultures of the companies."



Upon asking on what level this would be going on, he replied that it started at the top, and then goes deeper. "Now we were thinking about how to make things understandable for the middle level management because they should understand the 'cultural' approach, what they should improve. We will work on these intercultural issues." When I asked whether this would mean extra training, the reply was that it would be done through practice. The reason is that "the company depends on its own business, and Hauzmajstor is just part of the organization – it is considered as a profit center within the concern. It does not make sense to accentuate intercultural issues."

When asked to clarify the concept of a "profit center, Mr. P. Z. explained:

"We are partners now. We have a mother company in Austria, which means investors from Austria, and we have investors from Serbia. We are 50:50 partners, we only have 1% more, but this we have because we made a big investment and we want to control the investment. In the case of emergency we should have the power to say 'no' or 'go.' And that is the reason why we have this 1%. But we will use it only in the case of emergency. We wanted a partnership and we made it, so they are partners. But, within the organization, they are considered a profit center. Like all the others."

## Conclusions

The material presented gives opportunity to discuss the nature of contacts and mutual perceptions between the Hauzmajstor employees and the Austrian firm, first as a potential and then as a real partner. We will try here to draw some conclusions concerning the themes brought up by this study.

First, it may be noted that the concept of culture is very much implicitly present in the creation and development of Hauzmajstor company. Actually, it could be said that this whole process is about *creating cultural identity* in two ways – *inwardly*<sup>23</sup> by creating the sense of a "community" and *outwardly*,<sup>24</sup> through brand development. The image of a modern, highly equipped, efficient, and most of all, reliable maintenance firm, is internalized by the employees through training, but also communicated to the clients via marketing and real performance, as well as to the Austrian firm that had searched for a business partner in the Serbian market.

Experiences and perceptions of relations within and outside the firm suggest a distinction between *managerial culture* and *operative culture*. Further, the most elemental experience is determined by the professional position of each employee, this being the reason for contextualizing

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<sup>23</sup> Analysis of how the Hauzmajstor business culture was perceived by the insiders may be found in Vučinić-Nešković 2011.

<sup>24</sup> How Hauzmajstor insiders experienced their relationship with the clients and vice versa may be found in Vučinić-Nešković 2010.

experiences of interviewees along this line of logic. Thus, perceptions of the internal development of Hauzmajstor as well as of the Austrian firm, were highly influenced by whether the respondent was a general, technical or financial manager, the chief of operations or facilities, specialist services staff, call-center operator, or a repairman. Since the negotiations and restructuring of the firm immediately following signing of the partnership contract involved the managerial strata of Hauzmajstor, the interviews on these themes primarily involved the higher and middle management.

Further, in all the conversations, the most general conceptual opposition regarding the national/ethnic denomination of a person mentioned (inside or outside the firm) appears to be that between "the foreigners" and "our own people".<sup>25</sup>

The concept of a *foreigner* the Hauzmajstor employees have in mind is seen through perceptual oppositions, such as: "authentic foreigner" vs. "our foreigner" (repatriate), "foreign insider" vs. "foreign outsider". In the beginning, they experienced relations with authentic foreigners outside the firm, i.e. in business relations with the foreign clients and the Austrian Rustler Group (area manager and the owners) when they appeared representing a potential partner firm. At the same time, they had "our foreigners" in their own firm, that being the repatriate founder/president and one of the junior partners. They also encountered "our foreigners" such as Serbian repatriates who came back to work as technical/facility managers in representative offices of foreign firms and embassies.<sup>26</sup> However, the major change in such a constellation came once the Rustler Group employees from the "foreign outsiders" became the "foreign insiders". At the same time, the influence of the Hauzmajstor founder/senior partner as "our foreigner" diminished, with the trend of him coming out of the firm in a five year period.

The concept of a *cultural mediator* is well recognized, that being the representative of the top management who facilitates the transfer of "Western" culture one-way, from the top down, but who also in the end, has to hear voices coming from below. Hauzmajstor cultural mediators are the president

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<sup>25</sup> No designation such as "Westerners" and "Easterners" has ever been mentioned.

<sup>26</sup> In communication with the foreign clients more often than not "our people working for the foreigners" appear in positions to receive the Hauzmajstor repairmen, both in the private (residential) and the public (office) domain. In residential domain it is the baby sitters and housekeepers, and in public, it is office managers or secretaries. In embassies though, only the initial contact might be made by the foreigners, i.e. the attaché in charge of technical affairs, while all the operational activities are done in contact with "our people." Thus, it should be noted that the business communication is built of a complex mix of interpersonal relations between people of different ethnic/national background and professional experience.

and the general manager of the firm, thus one being a repatriate and the other a professional with the local business experience. Once the partnership with Rustler Group was established, the principal cultural mediator on the Austrian side was the area manager for Central and Southeastern Europe. In the beginning the "Western" business culture model was the one established by the repatriate founder/president of Hauzmajstor, while later on it was the specific Austrian business model.

Beside the cultural mediators who conceptualize and impose the Western business model from above, there are people who work on the implementation of the same model downwards, but also facilitate the flow of local knowledge from the bottom up, and they could be called *cultural transmitters*, or *business culture translators*. The top and middle management in Hauzmajstor are the transmitters of business culture knowledge.

The process of negotiating partnership between Hauzmajstor and Rustler Group, three distinct phases appear, namely: finding out about the *Rustler Group* interest in partnership, the negotiations period itself, and the period immediately following the signing of the partnership contract.

From the point of view of the Hauzmajstor insiders, the phase of the *first contacts* was extremely positive, the Austrians were perceived as "very pleasant, normal", even seeming as "one of our own". It is curious that negative stereotypes about the "other" were not present at all. There might be two principal explanations for this positive attitude, the first being that the potential foreign partner with resources such as financial and social capital were seen as quite welcome at this point of the Hauzmajstor development, and the second being that by then, Hauzmajstor had already overcome a phase of insecurity and distrust of "foreign outsiders" while establishing business relations with foreign clients in the local business environment.<sup>27</sup> The only insecurity was tied to the awareness that "business becomes more serious", which involves higher profit responsibility and achievement evaluation.

The success of the *negotiations phase* was perceived by the Hauzmajstor founder as the result of establishing mutual trust in a very short time, playing openly and on a high professional level, keeping all the deadlines and agreements, and finally presenting the requested audit "with a ribbon". The general manager added the importance of taking a cool business attitude instead of taking one of the two extreme business approaches usual for Serbia, which are "what do I care" or "immediate submissiveness". He also laid stress on the importance of the sense of belonging, which was exemplified in the informal conversation with the Rustler owner when he asked him about his descent and the family relations. Finally, what he thought "sold the company"

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<sup>27</sup> About the perception of Hauzmajstor relations with the foreign clients, see: Vučinić-Nešković 2010.

was not its hard value (because they did not acquire any profit nor real estate), but the potential of the team and their business model. The Rustler Group area manager accentuated the professionalism of Hauzmajstor in terms of work organization and financial precision, stressing however that the reason for entering partnership was "completely business oriented" because they considered that "this company would fit best" their business targets in this market.

In the *period following the signing of the partnership contract* the "foreign outsiders" were slowly incorporated into the Hauzmajstor business as "foreign insiders". Describing this phase, the general manager used the metaphor of a "marriage" relationship, in which they were "in the process of accommodating each other". He saw the coming six months as the hardest period until then in both mental and technical senses, a period of building trust and stabilizing the relationship with the new partner. The Rustler Group area manager saw the coming period as one of making adjustments primarily in reporting (adapting the reports to the Rustler Group standards) and facilitating better understanding of the internal cultures of the companies for the middle level management. Otherwise, both sides noted the importance of developing Hauzmajstor in accordance with the needs of the existing Serbian market, which are independent of mergence. This means to "simply grow and develop the business, so as to adapt to the new clients", which in minds of the Hauzmajstor insiders meant to go for big contracts and complex technical maintenance of large buildings, while in the mind of the Rustler Group this also meant developing the small maintenance service further.

There are still two questions that need to be asked in the end. The first one is: how much was the fact that Hauzmajstor was set up and developed as a firm combining western and national business culture principles important to a foreign firm in choosing it as its partner? Even though not stated explicitly, the image of the Hauzmajstor was certainly important in the representation of the company, but even more so was the business model they developed, which meant everything from the technological to the administrative and financial organization of work, i.e. the organizational and business culture. However, the crucial point for cutting the deal was that the interests of the two principal players met – the owners of Rustler found in Hauzmajstor the company profile that had the best potential for their entry into the Serbian market, while the Hauzmajstor owner sold part of his successful *Комом сенс* product, returned his initial investment, and found a partner to share the future investments with.

The second question that remains to be answered is: how important is it for Hauzmajstor to keep its unique business culture in the future?

While trying to answer this question, I will refer to part of the conversation with the general manager, when he was explaining what they were initially

trying to accomplish: "We tried to make a 'Shopska Salad' (*šopska salata*), mixing a new professional approach to business with the theme of local character." He used the metaphor of a mixed salad, originating from the border region of southeastern Serbia, Bulgaria and Macedonia, in which fresh cheese grated on the top is an ingredient giving the local touch. The question was whether the Shopska Salad with the specific Serbian flavor, in this case, would be served in the posh restaurants in Belgrade exclusively, or would it accommodate to being served in similar restaurants of any other European city?

Part of the answer to this question might be found in information about Hauzmajstor that was updated in October 2010, the time when this article was being prepared for publication. The first news was that during the last five years, Hauzmajstor has been completely bought out by the Rustler Group. In 2008, Rustler bought 24% of the shares still held by the company founder, which equaled to 75% of their overall shares. In 2010, they acquired the remaining 25% of the shares, thus becoming full owners of the company. In the meantime, Rustler Group International had grown, thereby establishing new partner firms in Germany, Ukraine, and Slovakia, those being Rustler Immobilien GmbH in Berlin (2008), Rustler Property Services LLG in Kiev (2008), and Rustler Property Services Slovakia S.T.O. in Bratislava (2009). The latter two were set up according to the Hauzmajstor business model, while their managers and staff have been coming to Belgrade for training. Also, within Rustler Group International, Hauzmajstor was pronounced the most successful company. In November 2010, a newly established annual event, The Rustler Group International Day, was organized in Belgrade.<sup>28</sup>

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<sup>28</sup> The healthy growth of Hauzmajstor is also discernable from information about its present internal structure, nature and number of clients, and financial standing. The management running the firm in Belgrade since 2005 remained the same, comprising all Serbian citizens. The overall number of employees increased in this five-year period from 20 to 30, while the number of subcontractors grew considerably, from 50 to 300 firms. The business moved from small house and office repairs performed upon telephone call to the maintenance of large office buildings of international and domestic companies. From 80 regular small clients they now have 200, and from 10 large facility management contracts they now have 40. Also, from a situation in which they hardly managed to "break even" in 2005, not to mention the burden of investments in new technology, their annual turnover and profit in 2010 are not negligible.

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Весна Вучинић-Нешковић

Преговарање о партнерству: Како је српски Хаузмајстор успоставио пословни однос с аустријским Рустлером

Ова студија говори о томе како је српски Хаузмајстор преговарао и ступио у партнерство са аустријском фирмом Рустлер. Уводни део посвећен је успостављању и развијању Хаузмајстора, фирме за мале кућне поправке, коју је основао српски повратник из иностранства 2004. године. Полазећи од оснивања Хаузмајстора, као ћерке фирме Комон сенса (оријентисане на консалтинг и развој пројеката), студија прати њено прилагођавање пословном амбијенту Србије у погледу организационе и пословне културе. Студија је усредсређена на детаљно представљање и анализу искустава запослених у Хаузмајстору са аустријским Рустлером, најпре као потенцијалним, а затим и као већинским партнером. Поред тога, приказан је начин на који је Хаузмајстор доживео регионални менаџер Рустлер групе, који је био главни посредник у преговорима и конкретизовању овог партнерског односа. У закључном делу расправља се о различитим концептима "културе", "странца", и "културних посредника" у две различите фазе узајамних односа, и то најпре приликом преговарања, а затим одмах након успостављања пословног партнерства.

*Кључне речи:* предузетници, репатриоте, пословна култура, преговори, партнерство, Србија

Vesna Vučinić-Nešković

Négociation du partenariat: Comment le *Hauzmajstor* serbe a établi des relations d'affaires avec le *Rustler* autrichien

Cette étude parle de la manière dont le *Hauzmajstor* serbe a mené des négociations pour ensuite s'associer avec la firme autrichienne *Rustler*. La partie introductive est consacrée à l'établissement et au développement de *Hauzmajstor*, entreprise de dépannage, fondée par un rapatrié serbe en 2004. Prenant pour son point de départ la fondation de *Hauzmajstor*, en tant que filiale de l'entreprise *Komon sens* (orientée vers les services de conseil et le développement des projets), l'étude suit son adaptation à l'environnement d'affaires en Serbie concernant la culture organisationnelle et celle d'entreprise. L'étude est focalisée sur la présentation détaillée et l'analyse des expériences des salariés de *Hauzmajstor* avec le *Rustler* autrichien, d'abord en tant que partenaire potentiel, puis majoritaire. En outre, la manière dont *Hauzmajstor* a été vu par le manager régional du groupe *Rustler*, le principal médiateur dans les négociations, et la concrétisation de cette relation de partenariat ont été présentées. Dans la partie finale sont discutés différents concepts de "culture", d'"étranger", et de "médiateur culturel" dans deux différentes phases de rapports mutuels : d'abord lors des négociations, puis aussitôt après l'établissement du partenariat.

*Mots clés*: entrepreneurs, rapatrié, culture d'entreprise, négociations, partenariat, Serbie.

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